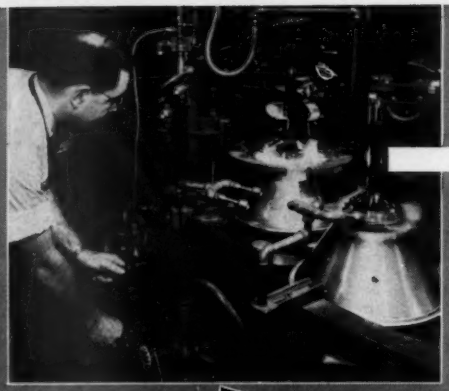
AMERICAN GAS ASSOCIATION

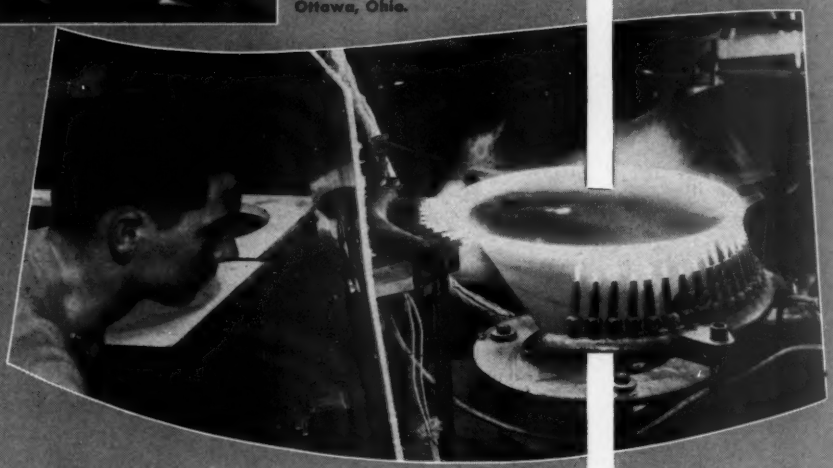
Monthly

DECEMBER
1951



Automatic rotary Gas sealing equipment at Sylvania assures a vacuum-tight, strong glass-to-metal bond.

Glass face of television tube is bonded to metal cone by GAS, at Television Picture Tube Division, Sylvania Electric Products Inc., Ottawa, Ohio.



GAS provides an Air-Tight Glass-to-Metal Bond on Sylvania's Television Tubes

GLASS-TO-METAL BONDS must be strong and vacuum-tight for television picture tubes. Gas flames, impinging on the metal-glass surfaces, assure a dependable seal for Sylvania Electric Products Inc., Ottawa, O. and Seneca Falls, N.Y., picture tube plants.

Special Gas burners bring the temperature of the metal cone and the edge of the glass face to the proper temperature, allowing the glass to flow into the cone's spun-lip for an air-tight seal. To hold the proper face curvature and to prevent collapse, positive pressure maintained in the cone supports the face.

After fabrication, the tubes are screened and coated, and put through a high-temperature GAS oven where organic matter is baked out. The electron guns are then sealed in the tubes.

Where baking, tempering, annealing, and fusing-glass-to-metal are production-line steps, in your chemical and industrial processes, remember that the versatile, productive flames of GAS will serve you best. Get the facts from your Gas Company Representative. Call today.

AMERICAN GAS ASSOCIATION
420 LEXINGTON AVE., NEW YORK 17, N. Y.

• This advertisement, one of a series sponsored by the American Gas Association, appeared in November issues of technical magazines

THE WIND RIVER Mountain Range, seen from the foothills near Atlantic City, about thirty miles south of Lander, Wyoming. Photo, courtesy of Standard Oil Co. of N. J.

EFFICIENT utilization can expand the sales of a product, or reduce them to the vanishing point.

Keeping gas popular is dependent upon correct design, proper installation and adequate performance of appliances. Lacking these, appliances will not give satisfaction and consumers will be easily diverted to electricity or fuel oil.

An industry step in the right direction is the formation of the Customer Service Responsibility Committee, to report directly to the A.G.A. Executive Board.

Gas appliance installers and servicemen must have specialized training and experience. Many plumbers and dealers do not have enough of either to assure safe and efficient installation and servicing of gas appliances. The new committee is to determine the utility's responsibilities in this important matter.

Equally important is the problem of enlisting support of city building and plumbing authorities to enforce adequate installation standards. The newly adopted *American Standards Installation of Gas Piping and Gas Appliances in Buildings* (Z21-30, December 5, 1950) is suggested as the basis for such activities.

JAMES M. BEALL
DIRECTOR, PUBLIC INFORMATION

LAURANCE C. MESSICK
EDITOR

RICHARD F. MULLIGAN
ART SUPERVISOR

EDITORIAL OFFICES:
AMERICAN GAS ASSOCIATION
420 LEXINGTON AVE., NEW YORK 17, N.Y.

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VOL. 33 **NO. 12**

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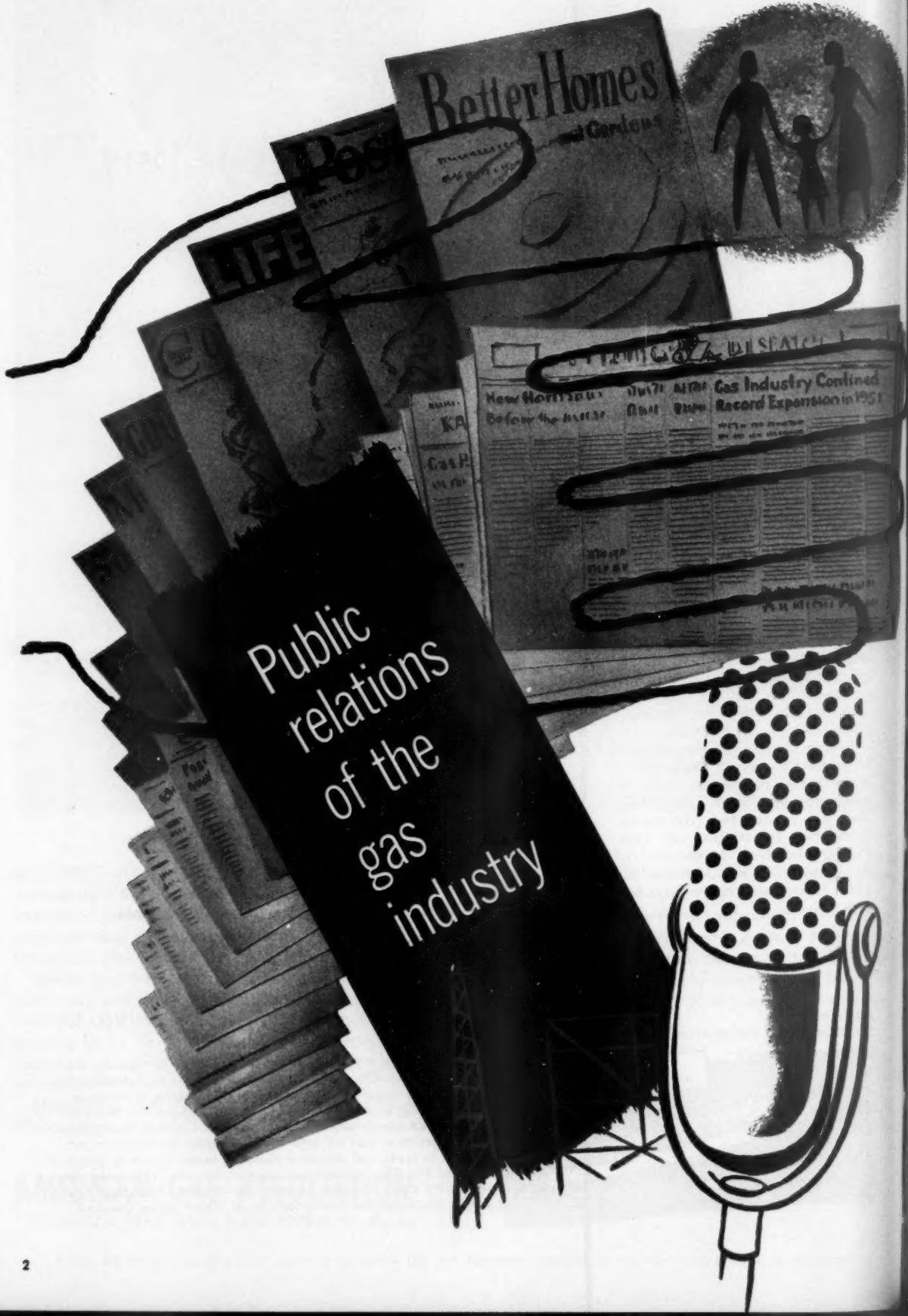

Better Homes
and Gardens
LIFE
Gas Industry Confined
Record Expansion in 1951
Public
relations
of the
gas
industry

● *James F. Oates, Jr., chairman, The Peoples Gas Light and Coke Company, Chicago, presents a forceful public relations analysis of the gas industry, leading to formation of a new A. G. A. committee* *(Page 33)*

The question of a public relations program for the gas industry can be considered only in the light of such basic facts as:

1. Gas is distributed and sold to the public by public utilities whose business is affected with a public interest and therefore regulated. The business deals with large groups of individuals—the consumers, virtually the public itself; large groups of employees; and large groups of owners—the stockholders.

2. Our service fulfills the daily human needs of millions of individuals. In many areas of our land it is indispensable to health, comfort, welfare and economic prosperity.

3. Our fuel is in great demand and in many places in short supply. The public's patience is growing thin. The public will not be denied service indefinitely.

4. Our fuel is competitive and we all know that competition is the life blood of free enterprise. A competitive product must be sold and appliances to use it must be sold.

5. Our fuel is the best fuel. Its service is a modern miracle. It is taken for granted by millions of people as is the very air we breathe. Back of it all lie vast plants, untold expenditures of human energy, and unceasing dedication to reliability and safety of service. Gas service must be kept safe and reliable and it must be believed by the public to be safe and reliable.

6. In a very real and vital sense, gas service, indeed the service of all utility companies, must be kept in private hands to save the capitalistic system. This means honest, efficient, and adequate service must be performed and recognized as such by the public.

These facts, I respectfully submit, answer the basic question. Yes, the gas industry must have a public relations program. Its growth, its future, indeed, its survival, are dependent upon sound public relations.

Tailoring the program

What kind of a program? Let us consider a few principles.

1. The best public relations come only from furnishing excellent, courteous, honest service at reasonable rates by individual companies. Since the interest of the public in our industry is so perfectly obvious, we cannot and should not fight all regulations, no matter how meritorious, simply because we have a dislike for certain bureaucrats.

2. Good public relations cannot co-exist with bad employee relations. To his friends, his family and his neighbors, every gas company employee *is* the gas company.

3. Good employee relations include a basic understanding of, and belief in, our economic system by our staff and our employed personnel.

4. Good public relations can only come from public confidence, which means telling the public the whole truth and nothing but the truth.

Along this line, The Peoples Gas Light and Coke Co., Chicago, had an interesting experience during the extension of the Texas Illinois natural gas line into the community. The house heating waiting list, with more than ninety-thousand names, exceeded the number who could be cared for when the line was completed—and was growing at the rate of twenty-five hundred to thirty-five hundred a month.

In a full-page newspaper advertisement the company reported what it could do and could not do, that they were doing everything that they could, and that service would be extended on the American principle of "first come, first served."

Public respect was gained for the company, with the realization that it was doing everything it could to cure a situation that was not of its own making.

5. Good public relations require placing the public interest first in reaching all decisions. Never should it be said that the gas industry, or any company, is predatory, antisocial or selfish. Every thoughtful man recognizes that the present and prospective welfare of his company is ultimately dependent upon whether or not the company gives first preference to the best interest of the public.

6. The failure to meet proper standards of service or to maintain good public relations by one company adversely affects the entire industry. As has been well said, when one of us is cut, all of us bleed.

These six principles lead to the following conclusions:

1. Public relations is fundamentally the responsibility of the individual company. A program must meet the needs of the particular company and the community which it serves.

2. Every company should be encouraged, if possible by force of industry opinion, required, to formulate such a program including:

Originally delivered before the Joint Session of the Natural and Manufactured Gas Departments, A. G. A. Annual Convention, St. Louis, October 15-17, 1951.

a. the maintenance of the highest standards of service;
b. the merchandising of quality appliances;
c. the economic education of employees and the public;
d. the control of costs, even in periods of high taxes;
e. the truth about the safety of gas must be told when challenged or placed in doubt.

3. The combination company, where electricity may overshadow gas in profitability and dollar volume, has the highest responsibility to see that gas is not a stepchild, that gas appliances of proper standards are properly installed and are properly and adequately served. Many combination companies recognize this special responsibility in very great measure.

4. The organized industry, acting by and through the American Gas Association, can and should provide leadership, factual data, patterns of programs and expert staff guidance to us all. A.G.A. can assemble facts which each company should readily furnish, thereby providing the basis for staff service and assistance to each of them in the formulation, maintenance, and development of special tailor-made public relations programs in their own communities.

5. National institutional advertising of the free enterprise system is of relatively little value. It is so impersonal and so remote that it can hardly avoid the criticism by the many that it is merely the vainglorious boastings of the few.

6. The American Gas Association can and should promote the publication on a national scale of the many stimulating and inspiring stories that can truthfully be told about gas service—the miracle quietly wrought each day. This is a miracle little understood and little appreciated by the great mass of the American public.

7. If the gas industry and its constituent public service corporations demonstrate honest and persistent efforts in the public interest, public confidence will follow. Then no one, no socialist, no politician, no ideologist of any stripe can take our business away from us.

But consideration of the subject should not be limited to a listing of six facts, six principles and seven conclusions. Instead, careful scrutiny should be made of the backgrounds of these facts, principles, and conclusions. Honest self analysis, in these trying days, is essential for each industry and for its members. All thoughtful men and women everywhere are greatly concerned by the bewilderment of the age. Bewilderment, confusion, and doubt come from lack of faith. Lack of faith is caused by lack of self-confidence and self-reliance. Perhaps this is an age of dwindling self-confidence and self-reliance by a people that has sought security outside themselves and not in themselves.

Let us, therefore, have vision and courage to go forward with programs such as public relations programs. Let us, as individuals, as companies, and as an industry spend the necessary money, whatever it may be, the time, and the effort to tell the truth about our great industry, and its capacity for public service.

As we have that faith and that belief, let us keep in our hearts the prayer of the Psalmist of old: "Yea, the work of our hands; establish thou it."

Regulations alter record-keeping picture

By B. H. HARPER

Secretary
Northern Natural Gas Company
Omaha, Nebraska

Corporate records have been referred to as the "official memory" of a corporation. In these times of increased regulation, particularly of our industry, that "memory" becomes increasingly important. The accumulation and preservation of such records must be carefully planned and carried out, lest they become overly voluminous and in order that the needed information shall be readily available.

Northern Natural Gas Co., recognizing that records were being accumulated at an increasing rate, decided to take the necessary steps to solve this problem. Such planning seemed desirable, both because the work involved would increase as the amount of records grew, and for the more efficient and practical operational procedure which could be set up.

On the basis of this study, a records center was established for the centralized filing of all records that must be retained and which are not required to be kept in the originating department for frequent and ready reference.

Arrangements were made with the National Records Management Council of New York to provide trained personnel to assist in the study. At the same time a Northern Natural Gas Co. employee was trained to direct the records center.

Company records were inventoried, appraised and a schedule of retention and destruction was arrived at and approved by interested departments. This schedule was based on research into: 1. The retention periods required by regulatory bodies; 2. The practice of other companies; and, 3. The company's own operating requirements. Operational procedures for records center personnel are based on this schedule.

A few of the dividends from this study are already evident. Out of a total of 10,500 cubic feet of records, about 15 percent will be destroyed. This is the equivalent of 195 4-drawer legal size filing cabinets and is approximately 20 tons of paper. This is not as great as the percentage of destruction usually resulting from studies of non-regulated companies.

Northern Natural adopted a conservative policy with respect to destruction; management preferred to schedule several types of records for further review at a specified future date after observing the experience as to frequency of reference before reducing the period of retention too drastically.

The records are indexed for ready reference, a record is kept as to retention and destruction periods and a tickler system is used to keep the center up-to-date. A record is kept of material destroyed, and for policy guidance a record is kept of the frequency of reference to any material, by subject. All approvals, with respect to retention and

(Continued on page 37)

Abridged version of remarks made by Mr. Harper before the Corporate Secretaries' Luncheon, during the A. G. A. Annual Convention, St. Louis, October 15-17, 1951.

Two-way radio speeds service

• The material in this article is drawn from a panel discussion during an Operating Section session, at the A.G.A. 1951 Annual Convention, St. Louis. Members of the panel were F. H. Bunnell, Consumers Power Co., Jackson, Mich.; T. J. Dwyer, Consolidated Gas Electric Light and Power Co. of Baltimore; and J. H. Lang, The Ohio Fuel Gas Co., Columbus. C. F. DeMey, Columbia Gas Service Corp., New York, acted as moderator.

Gas utility officials who have been using mobile radio telephone equipment to dispatch servicemen and repair crews wonder that they were ever able to get along without it. Among the pluses that assure its permanency in the gas industry are: speedy emergency mobilization; improved consumer relations through expeditious response to service calls and better utilization of men and equipment.

Officials of Consumers Power Co., Jackson, Mich., after three years of dispatching via mobile radio, regard it as indispensable to good service. Their system is leased from, and maintained by, the local telephone company. Before deciding whether to lease or buy a system, company officials made a careful study of both types of operation. According to their findings, companies owning and operating their own system have annual maintenance costs varying from $165 to $300 per unit. Depreciation charges added to maintenance costs would, they found, make company ownership more expensive than a lease arrangement.

This company is outstanding as the largest gas and electric utility that does not serve any large metropolitan area. Its service area covers 28,500 square miles and reaches 324,000 gas customers. The broadness of its operation enhances the value of mobile radio telephone equipment.

To handle this large territory, two radio networks have been established. One network has two channels and maintains communication between electric and gas distribution headquarters and associated mobile units. The other is devoted to electric production and transmission units.

The distribution system raido network consists of 33 base stations and 463 mobile units. The broad expense of the company's operations, and consequent wide dispersion of the base stations, magnified the problem of establishing adequate maintenance facilities. That the Bell System has a dozen maintenance headquarters established in the service area was a decisive factor in electing to lease equipment from that company.

Interference from overlapping base stations was practically eliminated by using two wavelength channels, 47.70 and 47.78 m.c. Each base station transmits on 47.78 m.c. and receives on both 47.78 and 47.70 m.c. Mobile units transmit on 47.70 m.c. and receive on 47.70 m.c. Thus, if one base station is transmitting to its own area cars on 47.78 m.c., another car only a few miles away can transmit to its base on 47.70 m.c. without being blotted out by simultaneous transmission from the more powerful base station.

The value of the system is indicated by the 74,497 calls which the gas distribution department of Consumers Power Co. logged from 144 vehicles in six months. Of this number, 26 were rated emergencies. The use of radio expedites service to the customer both in emergencies and in routine dispatching, as well as increasing the work done per serviceman.

Officials of Consumers Power Co., after three years of dispatching via leased mobile radio, consider it indispensable to good service. The privacy of the leased broadcast system is considered sufficient, the maintenance excellent and the cost, despite the applicable Federal excise tax, less than the estimated cost of owning and maintaining their own equipment.

Ohio Fuel Gas Co. owns the mobile radio system which it operates. Set up on a sub-district arrangement, the company's maintenance men, material and equipment are strategically located throughout the transmission system.

A very large percentage of the operating headquarters and personnel, as well as compressor stations, are located in rural areas, with consequent limitation of telephone communications efficiency. A man could be reached only by calling early in the morning or after he returned in the evening, or by sending a messenger to reach him in the field.

During low temperature periods key men were stationed at telephones, so as to be readily available to dispatch on an emergency call. Unfortunately, this arrangement tied up practically the entire

supervisory personnel on cold days.

On the recommendation of the Columbia Gas System radio committee, Ohio Fuel Gas Co. commenced installation of radio equipment in October, 1947. For general coverage of key locations in the field, the company now owns and operates seven 250-watt base stations, 11 50-watt base stations and 111 mobile units.

Their four years of operation of a mobile radio telephone dispatching system has improved control of the district and division operations, and has assisted in directing the effort where most needed, with minimum delay.

The radio has assisted in the handling of emergencies more promptly, resulting in decreased loss of gas, prompt elimination of the hazard and economical and efficient correction of the difficulty. Many calls that probably would have been major emergencies before the advent of mobile radio, now are minimized by prompt handling.

Considerable time, mileage and gasoline have been saved, and one foreman estimates he travels only about half as far as he did before radio was installed.

Still another satisfied user of company-owned mobile radio is Consolidated Gas Electric Light and Power Co. of Baltimore. Its gas division has five base stations, 67 mobile units and two portable transmission stations.

These units may be used car-to-car with a range of up to three miles. The principal base station has an output of 250 watts with a range up to fifty miles, while the mobile units generally have 30 watt outputs.

This type of mobile system was chosen for two reasons: First, it was determined that the expense involved would be less if the company owned and maintained it. In addition, the company could realize the advantage of complete control.

Consolidated services approximately 317,000 gas meters, connected to about 1,900 miles of main. The fitting department, receives about 220 calls a day from the customer service board. An operator on the gas dispatch board then contacts a service man driving one of the mobile units in the vicinity of the trouble and sends him to answer the call.

Immediately after finishing a job, each service man calls in to receive another assignment and to keep the dispatch board informed of his location and availability.

There are 18 panel body mobile units operating for the fitting department during the normal work hours daily in the Baltimore area. Four more are stationed in outlying districts to the northwest, northeast and south. Five sedans used by inspectors and supervisors and four meter trucks of this department are also equipped with mobile units.

The main and service department uses 34 mobile radio units for various types of work. Most of them are installed in the sedans of supervisors, to aid these men in planning and coordinating their work. Movements of crews of men and equipment to locations where needed are handled in this manner.

Consolidated's trucks for leak work are also radio equipped. The main and service department also has a radio equipped jeep and radio equipped power wagon which handle troubles on lines over private rights of way where the terrain prohibits the use of other vehicles. Through installing loud speakers in each truck, the main and service department units remain in radio service continually, whereas the fitting department serviceman is out of radio contact while on a customer's premises.

During the conversion of the Baltimore area to natural gas the mobile units were unusually effective in the purging operations. By stationing mobile units at the various purge points, supervision of many simultaneous valve and purge operations was possible.

In the event of a gas outage, vehicles and men can be dispatched to the general area and receive orders en route. At the same time, a field trailer, also equipped to use radio, is sent to the area to act as a headquarters. It remains in contact with the base station to request additional help or to relay orders to men and vehicles which are not equipped with radio.

The management of Consolidated Gas Electric Light and Power Co. of Baltimore has found its mobile radio system an aid in improving service to customers. The system is easy to operate and the maintenance costs are not prohibitive.

Whether they lease or purchase their equipment, gas utility managements seem agreed that mobile radio telephone systems are a valuable adjunct to successful operation. They favor its use because: it provides for speedy mobilization to meet emergencies; it improves consumer relations through more expeditious response to service calls; it makes for better utilization of men and equipment and increases the number of calls each service man can make.

In addition, they say, supervisors are enabled to plan their work more smoothly. At the same time, there is less waste man-travel hours, less gasoline consumed and reduced automotive wear. When conducting a changeover, or repairing a main break or restoring service after an outage, mobile radio telephone service makes for more facile handling of several coordinated crews or individuals.

Dutch cooks compete in BEKA centenary

Housekeeping students in The Hague, Netherlands were "cooking with gas" recently when the International Gas Union and the Vereeniging van Gasfabrikanten in Nederland sponsored a giant cooking contest. Strict rules governed competition, held in celebration of BEKA Works centenary. Working in teams, contestants cooked dinner for two—meat, gravy, potatoes, vegetables and baked dessert—on a two-burner gas cooker

Automatic is the Buy Sell word

The "buy" word

By JAMES I. GORTON

"CP" Promotional Director
Gas Appliance Manufacturers Association, New York

To sell an individual or a group, get in step with the prospect. Don't expect the prospect to get in step with you.

Says Elmer Wheeler, author of "Tested Selling Sentences," and of the famous "Sell the Sizzle and not the Steak" formula for making people buy, sums it up by saying: "The first rule of getting along with friends, acquaintances, customers and prospects is to line up their thinking and get in stride with them." It is a good thing for all of us to take time out now and then to examine our thinking and our actions and to see how well we are in step with our fellow men and how well we are in tune with the music that is running through their minds.

Back in 1941, gas utilities were responsible for approximately 32 percent of all gas ranges sold. In 1950, only 15 percent of the gas ranges sold were sold by utilities. Appliances dealers moved from 17 percent to 25 percent, furniture stores from 10 percent to 23 pecent. The LP-gas industry, which in 1941 was responsible for a relatively small percentage of gas range sales, today distributes more than 25 percent of all gas ranges produced.

With dealers selling 85 percent of the three million gas ranges sold in 1950, it behooves everyone of us to do everything in our power to get in step with them. It behooves everyone of us to do everything we can to assist them in upgrading the type of gas range they sell.

Get in step with your dealers. Find out what they want to do, how you two can get together for mutual benefit. You can profit by getting in step with the thinking of dealers and customers.

Getting in step with customer thinking boosted gas range sales 34 percent from 1947 to 1950. That was the original period of emphasis on automatic features. But while sales of all gas ranges were increasing 34 percent, sales of automatic gas ranges built to "CP" standards increased 144 percent. These sales increased 144 percent because "automatic" is the "buy" and the "sell" word for every alert appliance dealer in the country today.

"Automatic" is the magic word—the sizzle word—the dream word that sells record changers, clothes washers, gear shifts on cars, house heating equipment, clothes dryers, cigarette lighters, watches, humidifiers, food mixers, coffee makers, fountain pens, clocks, dishwashers, ironers, toasters, garage door openers, refrigerator defrosters, lawn mowers, bottle warmers, pencils, blankets, water heaters, television sets, radios, and—you name the rest—yes, practically everything you can think of.

And "automatic" is the profit word. "Automatic" is the word that rings the cash register's bell for you and every alert appliance dealer everywhere. Of the 2,561,000 gas water heaters sold last year, 198,000 were non-automatic units selling at an average price of about $70. But 2,363,000 people paid somebody twice as much or about $140 to have the convenience of automatic hot water service.

Of the 4,400,000 people who bought washing machines last year, 2,770,000 paid $133 for non-automatic models, but 1,638,000 paid twice as much, or $257 for the comforts, pleasures and conveniences bound up in the word, "automatic." In 1950, automatic washers counted for 36 percent of the total unit volume and 53 percent of the total dollar volume. In 1950 595,000 women paid an average of $6.00 for a non-automatic flat iron but 5,235,000 paid an average of $18 for the convenience of an automatic iron. The same year, 730,000 women paid $5 for a non-automatic toaster, but 3,795,000 paid $18 to enjoy the automatic freedom from toast watching.

You can buy an egg beater for 25¢ that will do all the mixing you want, but 1,700,000 people paid $39 for electric food mixers to save themselves the work and the trouble of beating things by hand. You can buy a coffee pot for $1.25, and yet 2,975,000 people paid somebody $18 for the convenience of having coffee pots that made the coffee automatically and kept it warm.

You can buy a dish pan, soap and a dish cloth for about 55¢, and yet 230,000 people paid an average of $290 each so that they could put their dishes into a rack, push a button and have them done automatically. You can buy blankets for $8, yet 660,000 thrifty housewives paid an average price of $35 each for an automatic electric blanket. Every home in the

Abridged versions of addresses delivered before the Residential Gas Section session, A. G. A. Convention, St. Louis, Mo., October 15, 1951.

land has a cooking appliance in which they can roast, yet 400,000 of them paid $32 for the automatic convenience, coolness and cleaniness of having an automatic electric roaster.

You can buy a clock for $2 in the drug stores, yet 8,300,000 paid an average of $7 each for an electric clock which winds itself up, keeps time accurately, and saves the owner the inconvenience of having to wind a clock. You can buy a clothes line for 50¢, yet 295,000 people paid an average of $220 for clothes dryers in 1950. You can buy a garbage can for $1.50, yet 267,000 people paid an average of $150 for automatic, carefree food waste units to save them the trouble and bother of disposing of garbage.

Every automobile purchased in 1950 had a gearshift that was included in the sales price, yet 2,211,918 paid an average extra price of $160 to have the comforts and convenience of automatic gears that shifted themselves.

"Automatic" is the profit word that brings more and more dollars from more and more happy people's pockets, ringing louder and louder and on more and more dealers' counters every day of the year.

Electric range people know what automatic means in customer satisfaction, consumer desire and in dealer profits. In 1950, 26 percent of all electric ranges sold, 412,159 electric ranges were in the price bracket between $300 and $400. Forty percent, or 639,327, sold between $200 and $300,—66 percent sold for $200 or more, 31 percent, or 496,000, sold between $150 and $200. An amazing 3 percent, or about 45,000, retailed for $150 or under the average retail selling price of the 3,000,000 gas ranges sold last year.

Better than 70 percent of the electric ranges sold in 1950 were fully automatic and clock-controlled for the convenience of the homemaker. Look what that meant in profits to the dealer. Look what that meant in profit margins to the manufacturer. Look what that meant in dollars and cents available for the advertising and promotional programs we hear so much about.

"Automatic" is the magic word, the sizzle word, the oh and ah word, the profit word, the buy and sell word. Yet, we, in the gas industry, in 1950, sold *only 12.5 percent* of our ranges with automatic oven and broiler lighters, and

(Continued on page 37)

The "sell" word

By FRANK N. SEITZ

Manager of Sales,
Southern Counties Gas Company,
Los Angeles

The sales-hunger of the depression years spurred dealers in Southern California to promote the development and sale of automatic gas ranges.

During 1933, gas range sales had sunk to a new low. Price seemed to be the "buy" and the "sell" words. To make sales, dealers offered the cheapest ranges they could get from manufacturers, and even cut the prices on these. But automatic cookery, at higher prices, was being sold successfully in other quarters. The convenience of automatic control of appliances was making enough impression upon the public to indicate that there was a chance to shift their buying criterion from price to something else.

So a campaign was conceived. The three local companies in and around Los Angeles put on a customers' inducement campaign. Its nature was to give good basis for exploitation, advertisement and publicity.

The story of automatic cookery was real, it was valid, it was credible. Therefore, it appealed to the buyers' selfish interest. It created an urge to buy.

On February 1, 1934, the clock-controlled-range sales campaign was launched by newspaper, billboard and radio advertising. The inducement was a clock-controlled range at the same price as the identical range without a clock.

The goal of the sale was to move three thousand ranges in sixty days. But, three thousand ranges were purchased *in the first three days*. Dealers could not deliver ranges they had sold. Manufacturers could not produce ranges or clocks fast enough.

The advertising men began to suspect that they had offered something that couldn't be delivered. To forestall adverse customer reaction, a new ad promised that all clock-controlled gas ranges orders would be filled—but asked purchasers patience on delivery.

Dealers cut back on their range advertising, manufacturers worked over time and clock manufacturers increased their production from 25 clocks per day to over three hundred per day.

But even so, when the sixty-day campaign was over, it took six more weeks to deliver the last range purchased during the drive. Thirteen thousand ranges were sold in sixty days, instead of the three thousand that had been anticipated.

The 1934 campaign was so successful —even though it did cost considerably more than the utilities expected—that it was repeated in 1936.

With the success of this promotion of automatic features, the change of the public's buying habits was realized. The preponderance of sales went from fifty dollars, or less, to automatic ranges for a hundred dollars or more. "Automatic" had become both the "buy" and the "sell" words.

Then came the range built to "CP" standards, and a change of pace with the 1938 sales drive. That year, the "CP" introductory campaign offered a double allowance for trading in an old range on a new Certified Performance range.

In 1939, the buying inducement was the offer of a free clock with a range built to "CP" standards; then a double trade-in allowance was offered again in 1940.

After the war, because a demand foundation built prior to production curtailment had been maintained by automatic cookery throughout the war period, sales picked up as fast as ranges became available. So in 1947, twenty-five percent of all the ranges sold in Southern California service areas were built to "CP" standards.

Today, promotional drives are put on to maintain the initiative and to sustain the momentum. Every piece of advertising during these drives promotes the sale of automatic gas ranges. After two such campaigns in 1948, 54 percent of all gas ranges sold by dealers in the Los Angeles service areas were built to "CP" standards.

With two drives in 1949 and 1950, the "CP" sales proportion was boosted to 70 percent. This year there has been only one promotion, the Old Stove Round Up. So far, 73 percent of all ranges sold in the Los Angeles service areas have been built to "CP" standards.

Customer campaigns built the foundation for this up-grading of appliance customer buying habits. Automatic was the "sell" word, pre-war. Promotional drives, post-war, have built upon the foundation of public acceptance. To-

(Continued on page 40)

● *Extensive study and planning lie behind the smooth conversion of a major city to natural gas*

Highway to gas conversion

By CHARLES P. CRANE

President
Consolidated Gas Electric Light & Power Company of Baltimore

The motivation of our company's changeover to a natural gas supply by the Consolidated Gas Electric Light and Power Co. of Baltimore may be found in the drastic decline in gas earnings which began in the second half of the 1930's. From the time of the merger of the gas and electric business in Baltimore, in 1906, practically all of our electric and gas rate changes had been downward. Because of this and other reasons our management was most reluctant to increase gas rates, notwithstanding the urgent need. It took the approach of a near catastrophe in net gas earnings, which had shrunk from $3,100,000 in 1930 to $376,000 in 1946, to overcome our reluctance. When we did increase our gas rates in 1947, we found it expedient to make a somewhat greater coincidental decrease in our electric rates. This brought closer to a parity the cost of electric and gas cooking in our territory and likewise affected the relationship between the economic value of gas and electricity in industry.

The increase in gas rates approved by the Maryland Public Service Commission in 1947 could not cope with the continued rise in costs thereafter, and in 1949 it was again necessary to increase by approximately 11½ percent both gas and electric rates. Had we not raised our gas rates and established a fuel rate adjustment in 1947, we probably would not have been able to cover gas operating expenses in that year.

In trying to hold down the cost of water gas production, we improved efficiency by the installation of automatic grates and chargers. As costs warranted, we decreased the use of coke and increased the use of gas oil. We switched from the use of gas oil to heavy oil; and we incurred minimum capital expenditures in order to accommodate our generating equipment to these changes.

Speaking before the Joint Session of Natural and Manufactured Gas Departments, A. G. A. 1951 Annual Convention, President Charles P. Crane traced his company's conversion to natural gas

In the middle 1940's we took up the study of securing a natural gas supply for Baltimore. Forty years previously and again in 1916 there had been considerable discussion of natural gas for our city. Our low gas production costs in those days—made possible in part by a supply of by-product gas from the large Bethlehem Steel Company plant near Baltimore—had enabled us to produce a mixed gas which, Btu for Btu, was as cheap as the natural product offered us. The greatly increased oil and coke prices, labor costs and taxes which developed in the late '30's and '40's, and the relatively static position of natural gas rates, changed this picture.

As a first step in our preliminary investigation of natural gas, we had surveys made and established contacts with natural gas suppliers.

After lengthy hearings, the Federal Power Commission approved Columbia's new line and on July 27, 1949, authorized a natural gas supply for Baltimore of 70 million cubic feet per day, with lesser quantities during an 18 months' developmental period. Approval by the Federal authorities of this project immediately set in motion a series of important steps by our company. These included the submission of our natural gas plans to the Public Service Commission of Maryland; explaining the advantages of natural gas to the city authorities, the newspapers and other leaders in our community; securing a right-of-way for the 15-mile tie-in line from Granite Gate Station in Baltimore County to our Spring Gardens gas plant; awarding a contract for a 26-inch main which cost us installed $2,252,000, including lateral connections and terminal equipment; dividing our distribution system into 68 "blocks" and installing necessary sectionalizing valves so that, at the proper time, each block could be isolated in a manner which would permit it to be (a) shut off from the rest of the manufactured gas system, (b) purged of manufactured gas, and (c) supplied by the incoming natural gas. Generally speaking, we desired to bring in the natural gas from the perimeter of our city and then advance block

by block until we reached our downtown sections.

The rapid progress of all this work may be indicated by a few outstanding dates:

On July 27, 1949, the Federal Power Commission gave its approval to a supply of natural gas for Baltimore.

On August 22, 1949, we let the contract for our 15-mile tie-in main. Notwithstanding the fact that it was necessary to lay a considerable portion of this line within the confines of the city, we were able to transmit gas through it within a period of less than five months.

On August 25, 1949, we contracted for the changeover of our distribution system. The first section was converted to natural gas within eight months and the whole territory in about twelve months from the date of the contract.

In the eight months between the awarding of the changeover contract and the scheduled commencement date of May 1, 1950, the conversion organization was obliged to recruit and train a force which at its peak exceeded 1,200 men. The beginning of the changeover was scheduled for May 1 in pursuance of our decision not to carry on this work while residential gas furnaces were in operation. We advertised a completion date of September 7 with the thought that the work would be finished before the advent of the fall heating season.

With assistance from our company forces, 85 percent of the sections were changed over with no departure from the advertised schedule dates. We had our entire territory on natural gas by the terminal date of September 7. Without detracting in the least from their excellent work, and no matter how efficient such a conversion company may be, a great deal of mopping up and adjusting must be done by the local company after the changeover project has been paid for.

The initial estimate in our cost-plus conversion contract was for $3,742,000; but the final cost reached $4,118,000 due to wage increases and our desire to do a somewhat more extensive job than we had originally considered necessary. The portion of the work handled by our company forces, including publicity and insurance, cost $958,000, making a total expenditure of $5,076,000. We changed over approximately 305,000 meters and the expense per meter was $16.64.

Newspaper, mail and radio publicity expedited our block by block conversion. The extent of public cooperation is indicated by our having to dig up and shut off at the curb only 104 services where customers were away from home on advertised conversion day. It is further indicative of public cooperation: that we experienced neither a fatality nor a serious accident as a result of our conversion; that there were an insignificant number of reports of "mysterious disappearance" of articles from customers' houses; and finally, that good customer relations were maintained on a plane which we had not thought possible of attainment during such an extensive operation.

A most important factor in smoothing the way for the introduction of natural gas into the Baltimore territory was the offer which our company made publicly and repeatedly to reduce gas rates by seven and one-half million dollars annually if the natural gas supply was secured at the time and on the terms proposed in the Federal Power Commission hearings. The publicity given to our offer placed the whole project in a favorable light not only with the regulatory authorities, but with the municipal officials, industrial concerns and the public generally.

Cuts offset increases

The company fulfilled its promise in this respect, and the new and lower rates became effective immediately as each section of territory was changed over. Our rates for manufactured gas had been increased in 1947 and in 1949, but the reduction of 7½ million dollars practically offset these two rate increases.

With the large rate reduction in prospect, we did not expect a spectacular rise in gross earnings immediately or in the rate of earning power on our gas property. However, we did prepare estimates in 1949 which indicated considerable growth in the volume of Mcf sales and a gratifying improvement in financial results. These estimates covered the calendar-fiscal years 1951, 1952, 1953 and 1954, and having been made in 1949 were predicated upon tax rates and labor costs then prevailing. In comparing these 1949 estimates with our actual results in the current year, it is necessary to use actual figures for the first eight months of 1951 and apply recent estimates covering the last four months.

In 1949 we estimated that by the end of 1951 we would have 36,763 domestic househeating customers on our system. At the time the estimate was made, we had 15,459 such customers and the aggregate growth during the preceding ten-year period was 10,862. The actual number of domestic househeating customers signed up by the end of August 1951 was 30,326 and we now expect a total of 36,046 by the end of this year. While this number is 717 less than our estimate made in 1949, it is nevertheless 133 percent greater than the total number of such customers at the time we made the estimate. It is estimated that currently approximately 80 percent of the new homes constructed adjacent to our distribution system are using natural gas for heating.

Our company does not sell heating equipment for new homes, but we do compete in the market for converting old homes from other fuels to natural gas. Our company has not yet extended itself in this latter field. We have been proceeding somewhat cautiously so that we would not create run-away conditions which might exceed our natural gas commitment. Our average rate per Mcf for househeating sales is $1.17. We believe when all elements are taken into account, including the use of electricity for oil burner, maintenance and service charges and any other costs, natural gas at our prevailing rates is sufficiently competitive with oil at 12.2 cents per gallon and service charges of $15 or more per year. However, the Oil Heat Association has been trying to persuade our public to believe that the over-all cost of gas heat is 28 percent more than the over-all cost of oil heat, by omitting their service charge and using other data with which we do not agree. The Maryland Public Service Commission has issued an order patterned on the recent PAD order under which our company will be permitted to take on 16,770 additional househeating customers between August 23, 1951 and September 5, 1952. This will be about in line with our planned expansion as estimated in 1949.

From our first year's experience, it has become apparent that househeating, regardless of its low load factor, must be counted a prime avenue for expansion of our natural gas business in Baltimore.

Other residential load

In 1949 we estimated that our natural gas sales in 1951 for residential purposes other than househeating would total 5,040,000,000 cubic feet. Our latest calculation for 1951, based on eight months actual and four months estimated, shows 5,664,000,000 cubic feet, which is 123

percent higher than estimated in 1949. The average annual growth in this particular load during the ten-year period ended December 31, 1949 was 3½ percent, whereas we believe the growth in 1951 alone will be 13 percent. This year's improvement is due mainly to the greater number of customers on our gas distribution system with some stimulation of consumption induced by the lower natural gas rates.

The residential use per customer, exclusive of heating, rose sharply after natural gas was introduced; but now it appears to have reached a plateau considerably above the former levels with manufactured gas.

The estimate for the year 1951, as made in 1949, contemplated a total sales volume of 1,609,000,000 cubic feet for small commercial gas sales. We believe our actual 1951 sales for this type of load will aggregate 1,777,000,000 cubic feet. Our average yearly gain during the 1939-1949 period was seven percent. The 1951 growth is expected to be about 17 percent over 1950. This volume includes some commercial heating.

We do not expect to meet the 1949 forecast on the large commercial and industrial load, notwithstanding the fact that we have since connected a large additional volume of such business to our lines. The failure to reach our goal has been due to several reasons:

a) During 1950 the men in our industrial fuel department were devoting the major portion of their time to assisting in changing over specialized industrial equipment for the use of natural gas. Consequently, during the greater part of the year, they were not able to concentrate on the development of new industrial load;

b) In a number of instances where our men were able to secure contracts for new load, in 1950 and 1951, industrial customers were delayed in securing equipment needed to permit the planned use of natural gas in their operations. However, we now expect to have under contract by the end of this year as much connected load as we had originally anticipated; but we will have lost six months or more of consumption by a number of important customers;

c) There have been some drastic decreases in industrial consumption during 1951 due to cutbacks in production caused by the shortage of metals and materials reserved for the defense program. These decreases have not yet been offset by increased defense production.

The average yearly increase in large commercial and industrial load, during the 10-year period ended December 31, 1949, was seven percent. In our 1949 forecast, we assumed that the increase with natural gas in 1951 alone would be 54 percent, or a total use during the year of 4,442,000,000 cubic feet. Our present view is that we will reach 3,150,000,000, which exceeds any increase secured in years before natural gas became available.

It now appears that total gas sales in 1951 will be about four percent less than we had expected when we made the estimate in 1949. This is due to the just explained industrial situation. Total sales during the 1939-1949 period showed an average annual growth of 4½ percent. We now expect a total sales volume for 1951 of 13,569,000,000 cubic feet which would be 22 percent above 1950 sales.

Revenue seen rising

Total gas operating revenue in 1951 is expected to exceed by $100,000 the forecast we made in 1949. This anticipated increase in gross revenue coincident with the anticipated decrease of four percent in sales volume is due to the under-run of lower rate industrial sales and the greater sales to higher rate residential and small commercial customers.

It is not feasible at this time to be too specific about operating income from gas operations. We were using a 38 percent tax rate when we made our 1949 forecast as contrasted with a probable 52 percent rate for three-quarters of 1951. We have made two general wage increases since the 1949 forecast. Without these additional burdens, we would undoubtedly have exceeded substantially our 1949 estimate for this year. In any event, the operating income at the end of the first full year with natural gas should be better than for any year since 1934. Using the excellent gain in 1951 as a basis, we would need perhaps two additional years of similar improvement, if tax rates and other basic cost factors remain at present levels, before our gas property reaches its maximum permissible earning power.

Reductions in gas rates, coincident with the changeover to natural gas supply, have effected $7,500,000 annual savings to customers. About $4,000,000 was in reduced base rates and the remaining $3,500,000 in the complete elimination of the fuel rate adjustment that applied under our manufactured gas rates. In the over-all, we reduced rates by an average of about 28 percent.

Some measure of the reductions by classes can be obtained from comparison of these rates before and after natural gas. The manufactured gas rates have been adjusted to 1050 Btu basis in these comparisons.

Our residential customers using manufactured gas had been paying for cooking and water heating an average rate of $2.63 per Mcf stated in terms of 1050 Btu gas. The new natural gas schedule reduced this to $2.00, a decrease of 24 percent. Individual reductions ranged from about 13 percent for the small users of around 500 cubic feet per month to over 30 percent for the larger cooking and water heating customers. We reduced our rates for residential heating from $1.62 per Mcf (on the basis of 1050 Btu) to the present $1.17 per Mcf, or by 28 percent.

Our small general service customers were reduced from an average of $2.10 per Mcf to an average of $1.60 per Mcf or by 24 percent. Here again reductions ranged from about 18 percent for the smaller users of 1,500 cubic feet per month to 27 percent for larger users of around 35,000 cubic feet per month.

The rates to large commercial and industrial customers were reduced from an average of $1.38 per Mcf (on an equivalent 1050 Btu basis) to an average of 85 cents per Mcf, or by 38 percent. The reductions in this class ranged from 25 percent for users of 50,000 cubic feet per month to 40 percent and better for users of 5,000,000 or more cubic feet per month.

We have not encountered so far any real difficulty in the supplying of natural gas to our customers. Our gas service calls during the first nine months of 1951 showed a normal average of about 0.43 calls per meter, which is approximately one-half of what they were during the corresponding period of the conversion year.

The customer reaction has been excellent; the appliance adjustments now seem to be on a satisfactory basis notwithstanding somewhat different burning characteristics; and we have not had any trouble with meter diaphragms and caulked gas main joints drying out. Our good fortune in this respect may be due in some measure to our long-continued practice of using "dipping meters"—that is, meters in which we have injected

(Continued on page 38)

There's nothing like a dame

● *She'll detect insinc*

By CLARA H. ZILLESSEN
Advertising Consultant

There is a glib phrase that says—"Never underestimate the power of a woman." It's one of those deceptively truthful slogans of which we Americans are so enamored. But women generally are not underestimated—mostly they are viewed with alarm. Perhaps it is fair to say that women are *under*estimated as regards their abilities and *over*estimated as regards their power!

It's not a simple matter for a well integrated male really to understand the shifts of a woman's mind. Certainly there are times in every man's life when he says to his wife, to his daughter, to his secretary—"I just don't understand women." And a truer remark he never made, because after all God didn't intend to mold the two sexes from the same pattern. Women, as a sex, are among other things, intuitive, realistic, sentimental, suspicious, nonmechanical, devoted to detail, and subjective in that they nearly always tend to identify themselves with given situations. This does not mean that men don't have some of these qualities in some degree . . . men are often intuitive and sentimental, and there are excellent women engineers and pilots! The Duke of Windsor, they say, knits a darn good sweater, but how many men do you think understand how to put together a paper pattern for a six-gored skirt?

Saying that women are intuitive does not occasion an apology. Women have never believed that in the great scheme of creation the quality of intuition is a lesser one than the quality of logic. It's different, to be sure. In her book, "Just Like a Woman," Mrs. Bj Kidd says that "much that men consider pertinent, instructive and essential, women regard as boresome, meaningless and non-essential. The woman has already gotten where she's going while the man is still pointing out the scenery along the way. The clue is that women are thinking about what they want to think about in the way they like to think . . . and not

Abridged version of an address before a general session, A. G. A. 1951 anual convention.

necessarily what the male wants them to think about or in the way he wants them to think it. To reach the male's conclusion, women must start from their premise and follow their own mental pathway, not yours.

"The business of directing women to conclusions, therefore, does not consist in giving them a sharp push off the top of a cliff, nor yet in supplying a carefully detailed road map. No, the secret is simply this: you supply the spark, the stimulus, the premise . . . whatever you choose to call it. If it is right, the women reach your foregone conclusion under their own power. And they get there a lot fresher and faster than you could." Intuition is what men call leaping from crag to crag mentally, or jumping at conclusions. Dames call it intuition, and it works most of the time!

Women are realistic. They have a natural distrust for exaggerated claims—which they can instinctively spot—and for clumsy artifices in advertising and sales promotion designed to intrigue their attention. They can sense immediately when there is a spurious human interest angle in an advertisement. And they can recognize at once and evaluate for what it's worth artificial feminine chatter in a radio or television commercial, or in newspaper or direct mail advertising, which has been written by a bright young man who took advertising and journalism in a coed college and knows all there is to know about feminine psychology. Women also quickly recognize and discard copy written by other women whose knowledge of homemaking is academic and not practical, or fluttery in a *Vogue* magazine sort of way.

Sentimentality sparks sales

Of course women are sentimental, and so are many men. But men are usually objectively sentimental, and women are usually subjectively sentimental. Men are sentimental about pretty girls, old pipes, old clothes, dogs, their early business successes. Women are sentimental about "*my* child, *my* husband, *my* garden, *my* table silver, *my* wedding anniversaries." The successful merchandisers of such feminine needs as beauty aids, fashions, costume jewelry, household furnishings, children's clothes, rarely miss out on using women's sentiment as the focal interest in their advertising and sales promotion. A woman buys these things not primarily for their intrinsic value to her, but to appear beautiful to her husband and children . . . and to give them as much graciousness and comfort in their home as they can afford.

Women are suspicious. They truly believe in *caveat emptor* . . . let the buyer beware! If a store offers nationally advertised sheets at a below-regular price, they want to know exactly why. The reduced price alone won't make them buy.

Women, of course, as a class are not mechanically minded. They care much more about what a product does for them, than the nuts and bolts that go into making that product. Women simply don't care about or want to know about the mechanical processes or the scientific achievements; they are interested only in the results. Men nearly always enthusiastically agree this is so. But they never carry into actual practice the theory that women are not mechanically minded. Not long ago I sat in on some range promotion discussions, and you can believe it or not, but there was plenty of talk how wonderful the new ranges were, how clean, how outstanding the various gadgets were, how sturdily they were constructed, but nobody said anything about how well the ranges could cook food. And that, of course, largely is why the average homemaker buys a new gas range . . . so she can cook better food.

It can come as no surprise that women are hounds for detail. A small detail not true to life in an advertising illustration can make a woman overlook completely that which is being advertised. This may seem silly to a broadminded male, but if you slip up on what kind of a dress a woman wears when she is throwing together a pie, or by showing some trick kitchen which no woman in her right mind would want to work in, her immediate reaction is that you do not know your business and she will have none of what you have to offer.

Remember also, in both your sales and public relations advertising, that the little details in the ads must be right. Male artists are especially prone to set tables in illustrations in the most casual manner, lacking silver or water glasses, or using dinky little dishes in a haphazard table setting. All of this distracts a woman's attention and makes her forget whether it's china or a new brand of canned beans being advertised, or food which has been cooked on a new gas range! Or the artists dress up an otherwise attractive young homemaker in her kitchen using her brand new range as if she were either whistle bait, or an aging grandmother. Women spot these inconsistencies at a glance and are apt to lose confidence in the product or service advertised, they read enough of the advertisement to know what it's all about.

How the sexes differ

Women as a sex are intuitive, realistic, sentimental, suspicious, non-mechanical, devoted to detail, and subjective in their point of view. These are the important differences between men and women to be considered in planning advertising and sales promotions, and creating good public relations. A. G. A. has done a remarkable job on its consumer advertising over the years. You can apply any or all of these yardsticks, and you will find that they have been properly employed. The advertising has been productive in all its objectives. The A. G. A. deserves congratulations in sticking to its advertising and promotional program through criticism and commendation.

There is probably no other business but the utility industry in which the executives and top management give so much of themselves, their time, talents and strength, during normal business hours and many added hours. They have a driving sincerity to give the best possible service for the least possible cost that leaves no stone unturned to accomplish its end. Major and minor miracles of invention, engineering, finance, operating, sales, are of daily occurrence. And while many companies have achieved a highly desirable status of customer relations, much needs to be accomplished in this field.

There is an important new approach

that can produce more productive sales advertising and promotion, and betterment in the field of customer relations. And that is that you take into account realistically that women are becoming a more important factor in your business every day.

The percentage of women employees is increasing, and women generally are more of a factor to be considered than ever before, because they do about 85 percent of the buying for the home. There are approximately twenty million women employed outside of the home today; they control a good bit of the wealth of the country; and they live longer than men. All of these factors have a definite application to your local situation.

Women have the feel of what's going on in the world which may affect their homes, families and living conditions. They do not know your problems of engineering, finance and operation. They don't begin to understand what you are doing for the betterment of their gas service. But they do know when the gas service and utilization equipment does not serve them well, or when they think the rates are too high, the quality of gas not up to par, the gas broiler too high or too low. The utility executive, on the other hand, does not often know how to get his ideas across to the womenfolk in the areas he serves. And there are two reasons for this: one is that most men high up in executive positions or in top management have lost the common touch. He thinks of his customers in terms of thousands of residences, stores and factories, and rarely in terms of people. It is not a simple matter to convince management that they have lost the common touch, if indeed they ever had it. For it is a curious anomaly that in a country like ours where so many of the top executives came up the hard way, or remember the early struggles of their fathers, they so quickly forget what it takes to raise a family on three or four thousand dollars a year. Folks in this income bracket are the majority of an utility's customers.

Sales aren't in ivory towers

Successful executives love to reminisce about the time they got thirty cents an hour, but the plush environment of successful business seems to smother sensitivity to the reactions of just plain folks. They lunch at their clubs with other high-powered executives, play bridge at the country club, occasionally lend their benign presence to a Rotary luncheon, and generally move in a comfortably well-to-do circle carefully sheltered from close contact with the normal run of every day folk. As a result they just don't know any more how the other half lives!

The second reason utilities do not always get their ideas across to the women who live in their territories is that they do not have enough women in strategic positions in their company who know the ins-and-outs of feminine approach, and they do not always listen to those they have.

The gas industry has a distinguished, hardworking home service group which is among the best of any similar group in the country. These home service women should be asked to contribute to the solution of customer relations problems as well as of sales and advertising promotions. Don't think of these home service women only as cupcake experts. Most of them are homemakers themselves and are in constant touch with thousands of other homemakers; they know what the approach to the feminine group should be. If it is a sales promotion, the home service girls will know that emphasis must be placed on what the new gas ranges will do—not how they are made, or not to show a picture of the factory, nor that there are three work centers in the kitchen. They will know how to give glowing descriptions of tender broiled hamburgers (not steaks any more), delicately browned cakes, cool kitchens, less time in the kitchen.

If it is customer relations, the home service girls will know that emphasis must be on how the family and the homemaker will benefit from your improved service not that bi-monthly billing cuts your cost of operation, or that the new gas plant has all the latest devices for efficient production of gas.

The gas utility would do well to have trained and experienced women of high calibre in all customer relations, sales, advertising, merchandising departments and on the executive level, so that they may add their voices to those of the engineers, lawyers, operating personnel, and accountants, and other species generally to be found in top utility circles. Women in strategic jobs in gas utilities can present most helpfully the viewpoint of the great mass of common folk, because they inherently have more of the feel of the average homemaker, her problems, her family ideals and ideas than do most men on executive levels.

The utility business generally has not made any appreciable use of the particular talents and qualifications which women have in the field of homemaking and family relationships. You can't laugh off this homemaking angle by saying you do a big business too in commercial and industrial establishments. Maybe you don't need women to tell prospective customers how a gas-fired furnace can lower production costs on a given product. But you do need women to tell other women and their families what the well-managed utility in your territory means to the homes and lives of the families of that territory.

It is so highly important in this day and age to take advantage of every opportunity to establish the gas utility in the community as a good citizen, as a progressive outfit way ahead of the community's growth, as the headquarters for any and all information and help about any gas product or service, that it seems manifestly absurd to miss any constructive force which will accomplish this end. Do not, I urge you, fail to use the particular talents and qualifications of women in your gas utility business. Remember, that in more and more businesses and industries, more and more women are participating on executive and management levels, with demonstrably successful results.

Feet and doorbells

● The history of the appliance business clearly shows that appliances are sold, not bought. The number of people who simply must have a new kitchen sink, or a new refrigerator or vacuum cleaner, and who will tear down a dealer's door, if necessary, to get one, is sizable; but it is never big enough to keep the appliance industry going at full blast.

Now, just about everyone in that category has filled his long-felt want. The people whose sinks were threatening to fall out of the wall and whose refrigerators were sagging from senility have already replaced them. Those remaining can get along for another year or two with what they've got, and they probably will get along unless the appliance business returns to selling, with emphasis on feet and doorbells.

That's the kind of business it is, and the faster manufacturers and dealers both recognize this fact and do something about it, the sooner the industry can drag itself out of its temporary doldrums and ring up some new records.

—Advertising Age

Correct analyses of the effects of present and proposed labor contracts can guide management's bargaining

The accountant and labor relations

By C. WILSON RANDLE

Dean, School of Business, Western Reserve University

Partly because of the tardy recognition of the import of collective bargaining and partly because of the accountant's timidity, the aid which he can supply in labor relations has, until quite recently, been conspicuous by its absence. There is a growing trend, however, to fix the responsibility upon the accountant for collecting, analyzing, and reporting financial data which may be used in negotiation.

This has been partially due to the fact that labor has become a major user of financial information. But also in the interpretation of financial data for collective bargaining, the accountant is in his element and has no peer. Financial information, which is the very substance of accounting, is here to stay as a bargaining tool and must therefore be accompanied by a new concept of accounting functions.

The success of collective bargaining is almost completely dependent upon the thoroughness of the preparation which precedes it. The accountant has a major role in this endeavor. He does not work independently but rather as a member of the team which is making preparations. Perhaps the first responsibility of the accountant is to be sure that the records are adequate for bargaining preparation.

For example, when pensions were first subject to negotiation, records were most inadequate. Oftentimes important gaps exist in company records on such things as sickness, turnover by various units, absentee records and costs, work stoppages, or employee age distributions. The accountant must be certain that there are no important defects or omissions in company records. To do this he must endeavor to determine likely union demands, and company demands or counter-proposals. Then he must be certain that the books may be relied upon to yield the necessary data. At all times he must be several steps ahead of the negotiator and the industrial relations department.

To supplement this careful audit of the records, he must be prepared to make any special studies. They might cover such items as pension plans, employee benefit programs, seniority, productivity, payment for time not worked, meals, clothing, and the like. In developing special studies, the accountant must rely upon his own initiative as well as complying with the suggestions of the negotiator. However, in both the presentation of data from the permanent records as well as from the special studies, he must constantly check with the negotiator to be sure that the method of presentation fits negotiating requirements.

Cost and benefit

Other preparation activities are also important. The accountant must develop cost and benefit implications of the present contract. He must understand thoroughly all the monetary provisions of the labor agreement and assume the responsibility both for the interpretation and presentation of these facts to management. The accountant must indicate the areas in which costs are dangerous and others where some "give" is still present. He operates as a stop-light on contract provisions. Based upon cost analysis, he indicates a red "stop" on some issue, a yellow "caution" on others, and a green "go" on still others. Management must regard these signals with the same respect accorded traffic lights.

In the preparatory period, management must agree on demands to be made on the union, counter proposals, and bargaining limits. The last of these three items bears special emphasis. Before bargaining begins, the negotiator must be given the limits within which he must fashion the agreement or contract. The accountant finds one of his most significant roles here. He must, for example, be prepared to show the effects of proposed wage changes on financial positions in terms of cash balances, working capital, the budget, and break-even points.

He will indicate the profit available at different wage concessions. In this connection, he will probably utilize the breakeven chart to show the impact of cost changes on profits. Thus on the basis of cost analyses, he must be prepared to indicate to management feasible bargaining limits—one of the most important tasks to be completed in the pre-negotiation period.

Perhaps of lesser significance but still important are the accountant's tasks in actual negotiation. He rarely, if ever, will be called upon to assume the role of chief negotiator. This is perhaps a wise decision as he is primarily a financial expert and is rarely possessed of the breadth of experience necessary to the bargaining spokesman.

The accountant usually assumes one of two roles in actual negotiation. He may be a member of the bargaining committee but acts in an advisory fashion only. In such circumstances, he testifies in much the same fashion as an expert witness in judicial proceedings. Or he may participate a little more directly.

Management may look to him to present all of the financial data as well as the interpretations appertaining thereto. This will have been agreed upon before negotiations begin and the accountant will have organized his materials and illustrations to this end.

In either circumstance, however, he should pay detailed attention to the course of bargaining and reassume during the recess periods his advisory functions. He will counsel the chief negotiator on the cost implications of the issues which have arisen. He will indicate possible danger areas and place certain control limits on negotiating activity. He may have to create task forces to collect, analyze, or interpret certain data for this usage.

The accountant's role must also be carried over into the day-by-day labor-management problems. It is in this area that is created the common law or industrial jurisprudence of labor relations. The contract furnishes a mere framework, the continuing relationships develop the body of the employer-union association. Often the common law is more significant than the statutory law or labor contract.

Mat service pushes gas

Newspapers are being supplied by the A. G. A. Bureau of Information, with mats emphasizing the importance of the gas industry. Caption with this chart explained that "substantially more money per dollar of sales is needed to supply gas service than most other commodities. The average gas company, for example, had $48.36 permanently invested in facilities required to provide a dollar's worth of gas to a customer each month. This large investment, which amounts to $44,500 for each gas company employee, is obtained from the accumulated savings of millions of Americans."

The accountant must be generally aware of this continuing relationship and his role in it. He should be an observer in all major grievance meetings. By this conduct, he will acquire a much better understanding of the operation of the contract. Management may then be advised during recesses or intermissions of the grievance settlements which may prove costly.

The accountant has also an important part to carry out when "the third party" enters labor disputes. The chief fault found by arbitrators, mediators, and fact-finders is that management often fails to present its story factually, objectively and convincingly. The accountant can greatly improve this situation not only by having his presentations suitable and understandable but by insisting that other evidences follow the same pattern. This role is even more vital when it becomes necessary to enlist public support for the company's position. The accountant, under such circumstances, must prepare the data and present it in appealing style for publication.

Promote good will

He must endeavor to adopt practices and techniques which will build good employer-union relationships for the future. Conversely, he must scrupulously avoid practices, double talk, or actions which will deteriorate this relationship.

The unions and the public have come pretty generally to distrust most of the figures presented by companies. Why? In the first place management through its accountants has sometimes distorted the true picture of existing situations. For example, some companies even cut their profits over a period of years through such devices as exorbitant inventory reserves, inflated reserves for income or excess-profits taxes, large general contingency reserves, and inflated depreciation reserves (which are sometimes not in accord with depreciation expense reported to the Bureau of Internal Revenue). This hiding of profits, however legal, can have detrimental effects upon the labor-management relationships.

The accountant must also adopt ways to portray the facts of business life in commonly used and understood terminology. The conventional financial statement is as unintelligible to the average employee, or to the public, as Egyptian hieroglyphics. If the accountant desires to eliminate distrust of his figures, he will have to drop much of his technical jargon and semantic complexities. He must present his data so that a non-accountant may explain it with clarity to the rank and file worker.

Originally, financial statements were intended only for management but now labor analyzes them even more carefully than the employer. The research director, District 50, United Mine Workers, in an article appearing in an accounting journal said, "The relevant facts in a labor-management dispute are not shown in corporate financial statements. They are concealed and distorted there." This is a severe condemnation and made with some validity.

Financial statements are here to stay as labor relations tools. The accountant must make them as intelligible as possible. Pictorial presentation may be advisable. Perhaps also the accountant should investigate the vehicle of the cash statement. Whereas published financial statements are not easy to understand, a summary of cash receipts and cash outgo has an easily grasped resemblance to personal finance. It certainly will indicate whether there is money available for pensions, for example, or wage increases.

The accounting profession also needs to emphasize consistency of interpretation of financial data. This is vital to winning union acceptance of figures and estimates. If the company accountant interprets the data one way and the union accountant in another, this will inevitably plant the seed of distrust in the worker's mind. Perhaps a stop-gap measure is to have the two opposing accountants get together and agree on interpretations to be made. The parties could then deal with uniform facts. Many more arguments arise over interpretation than over the facts involved.

The accountant can and should make, therefore, a valuable contribution to labor relations by simplifying methods of presentation, eliminating technical jargon, making uniform interpretations of data, and putting the financial statement in understandable form. Above all he should avoid accounting practices which distort the profit or other financial picture.

By following through in this newly created role, the accountant enlarges his corporate stature, enhances his professional status, and makes a significant contribution to human relations.

An industry-wide survey of methods of making corrections to high pressure gas measurement calculations

Supercompressibility studied

By E. E. STOVALL

Superintendent of Gas Measurement
Lone Star Gas Co., Dallas
Vice-chairman
A.G.A.-ASME Joint Committee on Orifice Meter Measurement

• The data in this article are based on a sub-committee report presented by Mr. Stovall at the annual meeting of the American Society of Mechanical Engineers, New York, November 29, 1950. The author is chairman of the ASME subcommittee on Flow Measurement at Extreme Conditions of their Special Research Committee on Fluid Meters.

Since the measurement of gas at pressures in excess of 500 psig came into existence more predominately in recent years, a limited amount of research work has been accomplished or attempted. A considerable amount of the data presently in use have been obtained through actual practice and under operating conditions. Most of the research work that has been done to date on this subject, aside from private companies and individuals, has been that sponsored by the Natural Gasoline Association of America and the California Natural Gasoline Association, and the published data of both are mentioned later in this paper.

In 1946, a subcommittee was formed by the special research committee on fluid meters, American Society of Mechanical Engineers to study flow measurement at extreme conditions. One of the extreme conditions under consideration in the measurement of gas is high pressure, and the subcommittee decided to start a program dealing with the study of the effect of supercompressibility in gas measurement. In line with this objective, in July, 1950, a questionnaire was submitted to 31 operating companies representing a cross section of the natural gas production and transmission companies to obtain information on present practices and ideas. Replies were received from 30 of these companies. Correlation of information obtained from the questionnaires revealed the following.

All thirty, or 100 percent, of the reporting companies apply the supercompressibility correction in at least part of their measurement calculations. Twenty-one companies apply the correction in calculating each meter chart, six companies apply it to the total monthly volume and three companies apply it to charts from some meters and to total monthly volumes for other meters.

E. E. Stovall, superintendent of gas measurement, Lone Star Gas Co., has been active in the study of meters and metering practices

The maximum measurement pressure reported was 4600 psig. Nine companies, or 30 percent of the companies, measure gas at pressures of 3000 psig or higher, and twenty-one, or 70 percent, measure at pressures of 1000 psig or higher.

Twenty-five, or 83 percent, of the companies determine the supercompressibility correction by calculation, some of which use testing equipment to check the accuracy of calculated factors. Only five, or 17 percent, determine the factor by test, or from data established by tests.

Of the twenty-five companies which calculate the correction, twenty companies use data in the California Natural Gasoline Association's Bulletins TS-402 and TS-461, or tables prepared from these data. Five of the companies calculate the correction from data in the Natural Gasoline Association of America's bulletin entitled "Tentative Standard Method for the Calculation of High Pressure Gas Measurement." The data in all three of these bulletins are based, for the most part, on the same original research data. CNGA Bulletin TS-461 is the newer bulletin, and contains additional data by which allowance can be made in the correction for any carbon-dioxide or nitrogen content.

Nine of the 29 reporting companies owned supercompressibility test apparatus, the oldest of which was constructed in 1936. One of these companies owns two machines, making a total of ten owned among the reporting group. Five of these machines are of the type developed by Howard Bean of the National Bureau of Standards; in these the sample is successively expanded and the increased volume is measured.

This machine can be purchased for less than a thousand dollars, including a dead weight pressure gauge. The other five machines are of the type developed by Mr. Burnett of the U. S. Bureau of Mines, in which the sample is successively expanded and the lowered pressure is measured; this machine costs around four thousand dollars. In addition to the ten testing devices owned among the thirty reporting companies, the Institute of Gas Technology at Chicago owns one of each type.

The nine reporting companies who possess testing equipment reported without exception that tested values check closely with calculated values. One company reported tested values up to 3400 psig with a Burnett apparatus to average 0.2 percent lower than values calculated using CNGA bulletins. Another reported agreement within .001 percent up to 850 psig between tested values using a Bean apparatus and values calculated by CNGA bulletins.

Another reported very close agreement on a gas containing 12 percent to 14 percent nitrogen, using Part II, Appendix, CNGA Bulletin TS-354 for calculation and testing with a Bean apparatus. Another reported agreement within 0.3 percent up to 1200 psig on gases containing varying amounts of inerts, testing with a Burnett apparatus and calculating by CNGA Bulletins. Another reported a difference of less than ¼ of 1 percent up to 1000 psig for .60 to .65 specific gravity gases, testing with a Burnett apparatus and calculating by CNGA Bulletins.

Suggestions, comments and ideas were included in remarks which reporting companies appended to the questionnaires:

"The only experience I have had in determining supercompressibility is with the Refinery Supply Company Burnett apparatus, in which I have the utmost confidence. It is very easy to detect any trouble that you might have with the gas sample which is being run. This apparatus is very sensitive to one-hundredth of a pound."

"A correlation between supercompressibility and gravity on high nitrogen content gas would be very helpful."

"It would be very desirable to have one set of tables, based on tests made with natural gas, used throughout the industry."

"Simplified tables such as those published by John P. Squier Company are much more easily used and save valuable calculation time."

"A.G.A. should approve and sponsor tables made up from all test data available, enough of which is available to support tables to 1000#. Additional test work with pressure ratio apparatus will make practical tables to 4000#."

The California Natural Gasoline Association in their Bulletin TS-354, "Tentative Standards for the Determination of Superexpansibility Factors in High Pressure Gas Measurement," published in 1936, describes the procedure for testing with a Bean apparatus, and presents results of a series of tests, formulas for computing correction factors and tables of factors for varying specific gravities and pressures up to 500 psig. In their Bulletin TS-402, published in 1941, are presented simplified tables for the correction factors contained in TS-354. In their Bulletin TS-461, published in 1947, are given tables for the determination of correcting factors at pressures in excess of 500 psig up to 5000 psig, and based on data developed by Standing, Katz, Brown and Holcomb for the Natural Gasoline Association of America. The CNGA bulletins contain multipliers for correcting the factors for nitrogen and carbon dioxide content up to 24 percent.

The Natural Gasoline Association of America in their bulletin, "Tentative Standard Method for the Determination of High Pressure Gas Measurement," published in 1942, give data developed by Standing, Katz, Brown and Holcomb which includes data for calculating the factors and curves for reading the factors for average natural gases of varying specific gravities and pressures up to 3000 psig.

Many companies have prepared tables of correcting factors for their own use, using as a basis one or more of the above mentioned bulletins. Also, there have been published two sets of tables of supercompressibility correction factors, both of which are based on values in the CNGA bulletins.

The reporting companies in general seem to be very well satisfied with data presently available for calculating supercompressibility factors, and those who own test apparatus all reported that calculated correction factors check closely with tested values.

A joint committee of members of the special research committee on fluid meters, American Society of Mechanical Engineers and members of the A.G.A. Gas Measurement Subcommittee, is currently conducting experiments on orifice meter measurement. Any research work on measurement of gas under extreme conditions that may develop from activities of the ASME subcommittee will be correlated with work of this joint A.G.A.-ASME Committee.

Private ownership promoted by display

MISSOURI gas and electric companies have presented a strong argument for private ownership of utilities. The advantages of private ownership were graphically presented, at the state fair recently, by a circus-like exhibit that was seen by more than 158,000 visitors.

Sponsored by The Missouri Association of Public Utilities, the exhibit was originated and planned by Ray T. Ratliff, advertising manager, The Gas Service Co., Kansas City.

One of the exhibit's most popular features was a give-away contest which offered a modern range as the prize for guessing the amount of school taxes paid by investor-owned, tax-paying Missouri utilities. In addition, a 30-minute puppet show, a "little red Schoolhouse," and a model of a modern farm attracted a great deal of attention.

The Inch measures up

A BRIGHT new slick-papered publication, *The Inch*, is now telling the story of Texas Eastern Transmission Corporation to employees, stockholders, and friends of the company.

A nine- by twelve-inch, 32-page magazine with a full-color cover, *The Inch* is being published quarterly for more than 1,400 employees, and over 25,000 stockholders. The magazine carries news about Texas Eastern employees and operations, articles about companies with which the company does business, and information about the communities in which the company operates. Many two-color illustrations are used.

R. H. Hargrove, Texas Eastern president, states that in addition to the quarterly publication, an interim issue will be prepared exclusively for employees. The new magazines are produced under the supervision of Jack Clarke, director of public relations. Leon M. Sipes is editor and Travis K. Hickman is assistant.

Industrial relations round-table

Prepared by
A. G. A. Personnel Committee
Edited by Bernard H. Kinzer

● **Status of BLS cost-of-living index**—The Bureau of Labor Statistics' revised consumers' price index remained at a standstill between mid-July and mid-August but the old index, which is used under cost-of-living escalator contracts for wage adjustment purposes, declined 0.1 percent. The revised index for August 15 stood at 185.5, which is 9 percent above the pre-Korean level and 7 percent above the level of August, 1950. The old index dropped in the month from 185.8 to 185.6, or 0.1 percent. The principal factor in the decline of this index was lower prices of fruits, vegetables, fats, oils and cereals. In the last two weeks in August, however, retail food prices are estimated to have gone up 0.1 percent, which will be reflected in the next index.

● **Understanding of American way is fostered**—A unique motion picture and discussion program designed to inspire reflection on the American way of life, what it is and what it means to the individual, has been presented this summer to thousands of Kansas City workers. At the Sheffield Steel Company plant more than 95 percent of the employees participated in this project called, "In Our Hands."

Essentially, the idea is to ask, instead of tell, individuals about such abstract terms as free enterprise, economic problems, freedom, standard of living and importance of tools and their uses. Thus free and easy discussion of the American way is prompted and avenues are opened for continuing individual thought on the subjects.

The program, "In Our Hands," presents a different angle by relying on asking. The principle has been put to work in simple fashion and has had amazing results. It is an entirely voluntary program. Each employee who decides to attend goes for four sessions. A film is shown at each meeting after which there is a discussion. To facilitate talk among the employees sessions generally are limited to twenty persons. The "class" is conducted by high school instructors from the Kansas City school system who have been hired for the summer by Sheffield.

Titles of the four films are, "How We Got What We Have in This Country," "What We Have," "How to Lose What We Have," and "How to Keep What We Have." Each session lasts about an hour but the enthusiasm of workers for the project often results in overtime meetings.

● **American wage earners healthier**—Considerable improvement in the health of American wage earners and their families in the postwar period is reported in a joint paper by Dr. Louis I. Diblin, second vice-president and statistician, Metropolitan Life Insurance Co. and Mortimer Spiegelman, assistant statistician. Their report shows that mortality among industrial policyholders of Metropolitan Life, within these five short years, has fallen by one-eighth, as against a drop of one-half in the past two decades and that the average length of life of industrial policyholders rose from 65.6 in 1946 to 68.3 in 1950, a gain of two and two-thirds years.

The gain since 1930 amounts to more than ten years, and since 1911-1912 the average has increased more than twenty-one years. The authors attribute the favorable trend to a number of factors, notable among which are the development of antibiotics and other medical and surgical advances, a wide extension of public health services, a great increase in hospital use as a result of the growth of hospital insurance, and a marked rise in the standard of living.

● **Safety first**—Looking for something good in the way of a safety booklet for employees? Then look up the one put out by North American Aviation called "Play Safe." It has a nice dash of humor and does an effective job of keeping workers safety-minded. Write to: Chief Safety Engineer, North American Aviation, International Airport, Los Angeles 45, Calif.

● **Retirement practices studied**—At the Second Gerontological Congress, which met in St. Louis last month, considerable attention focused on a survey recently made by the University of Chicago of older workers' employment problems. The purpose of the survey was to discover company practices in a wide variety of industries with respect to the hiring and retirement of older workers. The survey found that many companies are struggling with the question of the right age for retirement and the most favored methods of dealing with the problem are (1) to shift the worker to an easier job, and (2) to shorten hours worked.

In some cases it was found that an individual firm (1) regards sixty-five as the proper retirement age but allows the employee to be given annual extensions of employment on the approval of a board of review, (2) permits an employee to retire at sixty-five or elect to work half time until seventy, and (3) gives a month's leave to the worker at sixty-five, two months the next year and three months the third, with retirement usually coming in the sixty-eighth year because by that time the worker's salary has dwindled to less than his pension.

Among the companies represented at the meeting, one has a flexible plan under which the worker begins to receive his pension at age sixty-five whether he retires or not but may continue to work another year, if he is in good health and if, after an interview with the personnel manager, the company agrees. The same procedure is repeated yearly until the employee eventually retires. Among suggestions labor unions presented to the Congress were the following: (1) that the retirement age should be flexible only where a joint management-union board made the decisions on the individual employees, and (2) that jobs should be redesigned for the aged workers.

● **For industrial relations executives:** A pocket-sized pamphlet recently issued by the Bureau of Labor Statistics, entitled "Brief History of the American Labor Movement," one chapter of which sums up the status of American unionism today, is available at 25 cents a copy from the Government Printing Office; and the pamphlet published by the International Labor Organization, entitled "Lasting Peace the ILO Way," which covers the ILO's history, structure, scope and objectives—single review copies available free from the ILO, 1825 Jefferson Place, Washington, D. C.

Other publications of interest to industrial relations executives are: (1) A new magazine which the Bureau of Labor Standards, Department of Labor, will begin publishing this month, entitled "Safety Standards," replacing two previous publications, which will cover federal and maritime safety, news of the President's Conference on Industrial Safety, regular safety programs of the states and state bureaus and other special safety programs in defense production, (2) the first in a series of industrial training publications, issued by the Bureau of Apprenticeship, Department of Labor, entitled "Training at the Utah Copper Division, Kennicott Copper Corporation," designed to provide interchange of experience on in-plant training for companies in defense industries, which describes the actual training methods used by the company and the results achieved by a systematic training program, and (3) the Federal Security Agency Memorandums No. 70 and No. 71, entitled respectively, "Seventy-Three Employee Benefit Plans in the Petroleum Refining Industry" and "Nineteen Employee-Benefit Plans in the Airframe Industry," both presumably available on request from the FSA, Washington 25, D. C.

● **Manpower reservoir running dry**—There are now more people employed than there were in the entire labor force when it was at its World War II peak. For almost all of 1951, employment has so far run over 60 million. The latest count is 61.2 million. Yet the "reserve" of unemployed is still greater than it was in 1943, 1944, or 1945.

Businessmen well know that the dimensions of the labor force are highly flexible. A sudden wealth of good jobs at good pay will sharply raise the number of people willing and able to work.

This does not mean that the labor force is infinitely expandable. There's a limit to the number of halt, lame, blind, retired, youths, and housewives who can be induced to take jobs. It is now pretty generally agreed that the limit on employables is not far off.

General Research Planning Committee

Present at the September 26, 1951 meeting were, from center foreground, clockwise around table: Paul R. Taylor, New York; E. G. Boyer, Philadelphia; R. A. Siskin and T. L. Robey, A. G. A., New York; Chairman L. E. Knowlton, Providence, R. I.; J. W. West, Jr., A. G. A., New York; D. P. Hartson, Pittsburgh; E. F. Schmidt, Dallas; Hale A. Clark, Detroit; George S. Young, New York

Gas Production Research Committee

Those in attendance at the Committee's September 14, 1951 meeting at A. G. A. Headquarters were: R. E. Kruger, Rochester, N. Y.; L. J. Eck, Minneapolis; Samuel Green, Brooklyn, N. Y.; Edwin L. Hall, A. G. A. Laboratories, Cleveland; T. L. Robey, A. G. A., New York; Chairman E. G. Boyer, Philadelphia; N. K. Chaney, A. G. A.; H. E. Ferguson, Chicago; F. J. Pfluke, Rochester, N. Y.; F. E. Vandaveer, Cleveland; E. M. Bliss, Harrison, N. J., representing W. J. Harvey; E. S. Pettyjohn, I.G.T., Chicago; William E. Russell, Baltimore

Planning 1952 research program

a PAR activity

Research schedules for the coming year have been developed by PAR plan research committees, in a dozen meetings during recent months.

In the field of gas utilization research, new studies proposed include investigation of a method for reducing grate height, corrosion study of galvanized water heater tanks and water heater burners. Some 16 projects dealing with improvements in venting, ignition and combustion will be continued. Particular emphasis will be placed on problems involving heating and air conditioning.

In industrial and commercial gas utilization work, the accent is being placed upon the improvement of commercial appliances and heat treating equipment.

General technical (natural gas production and transmission) research will continue the emphasis upon pipeline flow problems. The projected study of large diameter orifice meters is an important portion of this program. Gas production research work will continue on the primary problems of interchangeability, production of high Btu oil gas and other peak load gases.

The 1952 A.G.A. PAR research program will include 54 study projects—each tailored to the needs of the industry.

Committee on Domestic Gas Research

Around the table, clockwise from center foreground: J. A. Nelson, Chicago; Harold Massey, GAMA; J. P. Leinroth, Newark, N. J.; John W. Farren, Kalamazoo; T. L. Robey and Roy A. Siskin, A. G. A.; Acting Chairman Leon Ourusoff, Washington; N. T. Sellman, New York; William R. Teller, Cleveland; Guy Corfield, Los Angeles; E. C. Adams, Pittsburgh; Dr. F. E. Vandaveer, Cleveland; and Frank H. Adams, Toledo. Standing, left to right, were: Dr. William R. Hainsworth, New York; Walter Kirk, A. G. A., Cleveland; H. L. Robbins, Philadelphia; Arthur Friedman, Cleveland; W. F. Wright, Dallas; and J. R. Wohrley, Buffalo, N. Y.

Committee on Industrial and Commercial Gas Research

When the Committee on Industrial and Commercial Gas Research met in the board room at A. G. A. Headquarters, New York, there were present: R. L. Stone and L. V. Cachat, A. G. A. Laboratories, Cleveland; T. L. Robey and Roy A. Siskin, A. G. A., New York; Committee Chairman Hale A. Clark, Detroit; Frederic O. Hess, Philadelphia; D. W. Chapman, Chicago; Wilmer D. Relyea, Newark, New Jersey; Nils T. Sellman, New York; and H. J. Grover, Columbus, Ohio

Technical and Research Committee

Present at this Natural Gas Department committee's luncheon meeting, St. Louis, October 14, were, l. to r., outside of table: E. D. Milener, A. G. A.; M. E. Benesh, Chicago; E. E. Stovall, Dallas; R. A. Cattell, Washington; Frederic Moshier, A. G. A.; C. J. Wilhelm, Bartlesville, Okla.; E. L. Rawlins, Shreveport; Committee Chairman E. F. Schmidt, Dallas; R. G. Strong, Chicago; J. A. Clark, Clarksburg, W. Va.; J. L. Foster and L. T. Potter, Dallas; H. J. Carson, Omaha; J. E. Overbeck and S. R. Beitler, Columbus; and J. W. Murdock, Philadelphia; inside table: Grove Lawrence and F. A. Hough, Los Angeles; J. D. Parent and E. S. Pettyjohn, Chicago; Wm. G. Rogers, Cleveland; D. T. MacRoberts, Shreveport; K. E. Crenshaw, New York; H. S. Bean, Washington

The Taxation Accounting Committee presents analyses of quick amortization under defense-accelerated exhaustion

Amortizing emergency facilities

Relationship to excess output exempt income

By WILLIAM B. WOOD

Partner
Peat, Marwick, Mitchell & Co.
Certified public accountants

Under Section 453 of the present excess profits tax law a corporation engaged in the withdrawal, or transportation by pipeline, of natural gas is entitled to exclude from excess profits net income the income attributable to excess output from a natural gas property. A natural gas property is defined as "property of a natural gas company used for the withdrawal, storage, and transportation by pipe line, of natural gas, excluding any part of such property which is an emergency facility under Section 124A." Under Section 124A a property which has been certified as necessary in the interests of national defense is an emergency facility. Under present emergency facility certification procedures, only a portion of the facility is normally certified as necessary in the defense effort. For example, 30 percent of the cost of a new facility may be certified as necessary in the defense effort. In such case, quick amortization is permitted only as to 30 percent of the cost of such facility. The comments which follow relate only to the certified portion of the facility and to the income allocable to that certified portion.

The problem confronting natural gas companies can best be illustrated by assuming the case of a gas pipeline company which builds a lateral line, 40 percent of which is certified as necessary in the defense effort. It will be necessary for the company to allocate income arising from such lateral line between the certified and the uncertified portion of the facilities. The company is not permitted to claim quick amortization on the 40 percent which was certified as necessary and also claim that any portion of the income allocable to the 40 percent constitutes exempt income from excess output. There appears to be no reason why these provisions should be mutually exclusive.

Section 124A was intended to provide a means whereby a taxpayer could recover the cost of facilities, having no predictable post emergency usefulness, from the taxable net income of the emergency period. An inducement was provided for the expansion of industrial capacity needed for the defense effort by reducing the risk of private investment therein.

Tax incidence shifted

The provisions relating to exempt excess output, on the other hand, were intended to relieve from the burden of excess profits taxes, income from an irreplaceable asset which was being anticipated because of abnormally high production during the years of defense effort. That portion of the income arising from excess output for the defense effort is being taken out of future years when there would presumably be no excess profits tax, and is being realized in years to which excess profits tax applies.

In the case of the lateral line used in the foregoing example, the company should be entitled to amortize the certified costs because they will presumably have no post emergency usefulness. In addition, the company is exhausting its source of supply by abnormal sales through such lateral line and it should be permitted to exclude the income from such excess output from excess profits taxes. It would appear to be more consistent with the purpose of both provisions if the law were drafted so that the company would be eligible for both so long as quick amortization was deducted in determining the net income from excess output. It is believed that the law should be amended to so provide. However, dealing, as it must, with the existing law, a company coming within the definition of natural gas company is confronted with several difficult questions.

In the first place, the company could possibly, under the law, lose its right to claim the benefits of the excess output provisions merely by securing certification of emergency facilities. Under the literal wording of the law, a company which has obtained such a certification may be precluded from treating any part of the income allocable to the certified portion of such facilities as income from exempt excess output, even though it does not elect to claim the quick amortization. In other words, the exempt output provisions do not appear to be available where the facility has been certified even though amortization is not claimed. Many companies have applied for certification of facilities in order to protect their rights to amortization without having decided whether such amortization would actually be claimed for tax pur-

poses; having secured the certification, they still have a right of election as to whether to claim quick amortization for tax purposes.

In the event it is decided that the exempt output provisions would be more beneficial than quick amortization, it may be necessary to secure revocation of the emergency facility certification. If the law is not amended to permit both accelerated amortization and excess output relief as recommended above, an effort should be made to secure an amendment to either the law or the regulations clearly stating that the use of the exempt income from excess output provisions is foreclosed only by an election of quick amortization and not merely by certification of a facility.

Second, the exempt output provisions may have an important bearing upon the election as to the period during which amortization is begun. For this purpose, we must assume that it is the election of quick amortization and not certification of the facility which prevents the use of the exempt output provisions. The taxpayer has a right to start amortization of an emergency facility either with the month following completion of the facility or with the taxable year succeeding the year in which the facility is completed. If the election is exercised to start the amortization period with the month following completion of the facility, it is clear that exempt excess output could not be claimed. However, if the amortization period is started in the year following completion, it is not clear, either from the law or the regulations, whether exempt output could be claimed for the taxable year in which the facility is completed but for which no amortization was claimed. Of course, if certification alone prevents the use of the exempt output provisions, this problem does not arise.

Third, the choice between the excess output provisions and quick amortization will not always be a simple one. Because of the many factors involved no rule of general application can be set forth to determine this choice. It will be necessary for each company affected to project its operations, tax rates and other data to select the most advantageous method. In doing so, it should be recognized that if tax rates are constant throughout the period of normal depreciation the only effect of quick amortization is to defer tax liability in the case of any facility which has a life longer than the quick amortization period. If it is anticipated that tax rates will decline between the quick amortization period and the end of the normal life of the asset, then a tax saving would result which must be measured against the potential saving arising from use of the exempt output provisions.

Accounting methods for accelerated amortization

By H. H. SCAFF

Vice-president
Ebasco Services Incorporated

Section 124A of the Internal Revenue Code provides that a taxpayer may, at his election, take a tax deduction for the amortization of any "emergency facility" instead of the usual depreciation deduction therefor. The tax deduction for amortization must be spread over a period of 60 consecutive months.

An "emergency facility" means any facility, land, building, machinery or equipment or any part thereof acquired or the construction of which was completed after December 31, 1949, and with respect to which a necessity certificate has been obtained.

The purpose of the accelerated amortization privilege is to encourage plant business expansion for defense purposes during a national emergency, in instances where the potential needs for new plant in the immediate future call for expansion but where long-range economic prospects are too speculative to be attractive to private capital.

Utility companies that have obtained necessity certificates and intend to take advantage of the tax election of accelerated amortization, will be faced with the problem of what to do with the amortization in the accounts of the company.

Generally, where the "emergency facility" will have no usefulness at the termination of the five-year period, no accounting problems will be involved. In such cases the amount of the amortization claimed for tax purposes will approximate the amount of depreciation actually occurring in the facility and hence there will be little difference, if any, in the handling of amortization.

Where the "emergency facility" will have good prospects of sufficient post-war usefulness to warrant keeping the facility in plant, an accounting problem may well arise if the experience of the World War II period is any criterion. The choice of accounting treatment was influenced by various factors, including: regulatory attitude; relative amounts involved; effect on rate base; and effect on earnings. At that time several methods of accounting treatment received consideration:

1. Amortization

Of the several methods of accounting treatment receiving consideration, amortization similar to tax amortization recorded in accounts would produce the heaviest charge against income and therefore, would affect net income the greatest.

There seems to be no justification for this method of accounting for the accelerated amortization where the emergency facility has good prospects of post-war usefulness. Such amortization is purely a means of granting corporations a deferral over a five-year period of the federal income taxes involved in the accelerated amortization of the defense facilities. The deferred taxes must be paid to the federal government commencing with the sixth year and extending over the remaining life of the facility.

There is no requirement tax-wise that amortization or even depreciation shall follow book accounting, nor is there any accounting principle requiring book accounting to follow tax accounting. Corporations generally, including public utilities, have claimed depreciation deductions over the years for tax purposes differing from the amounts of depreciation recorded on the books of account. There would seem to be no justification for deviating from this long established practice just to do something different for the accelerated amortization of defense facilities.

Futhermore, as far as electric and gas utilities are concerned, this accounting treatment would not accord with the uniform system of accounts established by the NARUC and the Federal Power Commission. Depreciation is defined by these systems of accounts as follows:

"Depreciation, as applied to depreciable electric plant, means the loss in

service value not restored by current maintenance, incurred in connection with the consumption or prospective retirement of electric plant in the course of service from causes which are known to be in current operation and against which the utility is not protected by insurance. Among the causes to be given consideration are wear and tear, decay, action of the elements, inadequacy, obsolescence, changes in the art, changes in demand and requirements of public authorities."

There is nothing in this definition to indicate that accelerated amortization of defense facilities would be a proper charge to depreciation for accounting purposes.

2. Accelerated depreciation

The term "accelerated depreciation" is used here to designate the accounting practice of charging for depreciation during the amortization period the normal amount of depreciation, plus an amount equal to the tax deferral arising from amortization for tax purposes of defense facilities.

After the amortization period, normal depreciation charges would be reduced by the amount of excess charges accumulated, spread over (i. e., divided by) the estimated remaining years of useful life of the emergency facility.

This accounting treatment is intended to avoid the inflation of income by reason of such tax deferral during the amortization period and to offset substantially the effect on income after the amortization period of loss of further depreciation allowances on the facility for tax purposes.

As in the case of amortization, this accounting treatment likewise does not square with the definition of depreciation as prescribed by regulatory authorities for electric and gas utilities. There is no indication in the definition of depreciation that an amount equal to a tax deferral resulting from the use of accelerated amortization would constitute a proper basis for a charge to the depreciation expense account.

The amounts involved in these transactions result entirely from Congressional action granting corporations tax deferrals for five years to stimulate defense preparation. The transactions have nothing to do with the accounting of the corporations. As pointed out in item one above, there are now many differences between book depreciation and tax depreciation. There would seem to be no justification for handling those items one way and the difference arising from the accelerated amortization of defense facilities in another way.

3. Normal depreciation plus—

This treatment records normal depreciation in the accounts of the corporation and also records the amount of the tax deferral in a deferred credit account which is to be used following the period of amortization to offset the increase in taxes due to loss of the tax deduction for depreciation.

Two alternative methods were suggested for handling the charge arising from establishing the deferred credit. The first provided for a charge to income and the second for a charge to surplus.

The effect of the latter method is to equalize the impact of taxes upon surplus before and after the amortization period. This seems like a remote way of making an accounting record of the accelerated amortization and seems to substantiate the belief that little or no justification exists for recording such items through the income account. It seems to indicate that where there is some impelling reason for making an accounting record, this method is the most that should be done. In view of this, a properly worded explanation would seem more in order and just as informative.

As far as the method of charging income to create the deferred credit is concerned, there is a definite conflict between the pronouncement of the Committee on Accounting Procedure of the American Institute of Accountants and the Securities and Exchange Commission.

Accounting Research Bulletin No. 23, issued December 1944 by the Committee on Accounting Procedure, American Institute of Accountants contained the following with regard to amortization of emergency war facilities:

"Amortization of Emergency War Facilities—An outstanding example of difference between the tax return and the income statement arises where emergency war facilities are depreciated at normal rates in the income statement and at the special amortization rate in the income-tax return. Where the resulting reduction in current income tax is material the Committee believes that a portion of the excess of the amortization over normal depreciation (equal in amount to the tax reduction resulting therefrom) should be included in the income statement either as additional depreciation or as a special charge and credited to an appropriate reserve or other account."

Accounting Series Release No. 53 issued November 16, 1945, by the Securities and Exchange Commission, contains the following directly contrary views regarding charges in lieu of taxes:

"The purpose of this statement is to outline the Commission's views in the matter of so-called 'Charges in lieu of income taxes' and of 'Provisions for income taxes' which are intentionally in excess of those actually expected to be payable; to give the reasons for that opinion; and to state its views on the points which certain accounting firms have made in connection with the principles discussed herein.

"For some time there has been growing up a practice, tolerated by some accountants and sincerely advocated by others, pursuant to which the current income account is charged under the heading of income taxes, or charges in lieu of income taxes, not only with the income taxes expected to be paid by the company but also with an additional sum equivalent to the reduction in taxes brought about by unusual circumstances in a particular year. . . .

"Certain public utility companies have included such charges and excessive income tax provisions among their operating expenses. This additional charge against income is, in most cases, offset either by a credit to surplus or by utilizing the reduction for some special purpose such as eliminating a portion of unamortized discount on bonds. The amount of the estimated reduction has been colloquially termed a 'tax saving' and the general problem is loosely referred to as the 'treatment of tax savings.'

"Note: We think this terminology is undesirable in principle and possibly misleading. Our preference is to call them 'tax reductions.'

"This practice with its variants has caused the Commission some concern and it seems desirable now to state our views as to the accounting procedures appropriate in such situations and to give the reasons for them. In summary, our conclusions are as follows: The amount shown as provision for taxes should reflect only actual taxes believed to be payable under the applicable tax laws. . . .

(Continued on page 38)

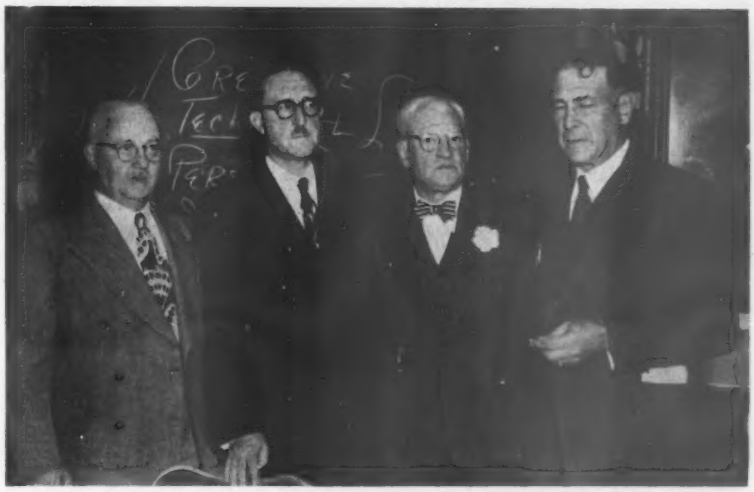
World-wide visitors to metal congress evince deep appreciation of the value of industrial gas equipment

Gas a major metal show attraction

The tremendous increase in the demand for industrial gas equipment was clearly evidenced by the interest of the 76,668 delegates who were clocked at the 54th National Metal Congress and Exposition, Detroit, October 15-19. The combination convention and trade show, sponsored by the American Society for Metals, was housed in seven buildings on the State Fair Grounds. This year, for the first time, it was of world-wide scope, and 250-odd visitors from 36 free countries outside the United States were the guests of honor.

Building "G" was dominated by the combined industrial gas exhibit of the A.G.A. Industrial and Commercial Gas Section. In this area manufacturers showed their industrial gas equipment and demonstrated the latest techniques and applications. Their displays covered the multiplicity of processes in the forming, heat treating and finishing of metals for a variety of products.

Facing 208 ft. of main aisle space, the cooperating exhibitors were the center of attraction in this building. Flanked by the mechanical blue flames and in one of the best lighted areas of the building, the exhibit was the focal point of attention and gave the impression that the entire building was devoted to gas. This display of the industry symbol had as its central theme a giant flame in the A.G.A. lounge. Here was the meeting place of many industrial gas men who had come to Detroit to visit the show and to attend committee meetings of the Industrial and Commercial Gas Section. In this central lounge Michigan Consolidated Gas Company had a small display featuring their 100th anniversary. The entire exhibit was tied together by a sign 15 ft. up on the wall, running the entire



Industrial Gas Breakfast headliners were: Carl H. Lekberg, Northern Indiana Public Service Co., Hammond, 1951 A. G. A. Industrial and Commercial Section chairman; Walter E. Jominy, president, American Society for Metals, who gave that organization's greetings, and Harry G. Moock, guest speaker, both of Chrysler Corp., Detroit; and Hale A. Clark, Michigan Consolidated Gas Co., Detroit, who introduced the speaker and brought host company greetings

Facing 208 feet of main aisle, the A. G. A. Combined Industrial Gas Exhibit was the focal point of visitors to building "G" on the Michigan State Fair Grounds, Detroit, while the National Metal Congress and Exposition was held there during the third week of October

At the American Dietetic Association annual meeting, an expert tells a dietitian of many advantages of baking and roasting in gas ovens

Steamers, the "pressure cookers" of volume cooking, drew the attention of institution and restaurant authorities who attended the show in Cleveland

length of the exhibits, which proclaimed on one side what gas is used for in the metals industry and along the other side the advantages of gas for these processes.

Cooperating exhibitors having live exhibits included:

American Gas Furnace Co., who had a pattern heating display that showed how a tool end could be quickly heated for hardening. Also, several burners were in operation showing extremely fine patterned flames for specialized applications such as glass forming.

Eclipse Fuel Engineering Co. illustrated their automatic control and safety shut-off with an operating model and gas burner. Gas Appliance Service, Inc., had an operating slot-type high speed heating furnace for bar ends. Their radiant burner was also in operation.

Charles A. Hones, Inc., aroused considerable interest with their two "Buzzer" furnaces heated to 2000° F. and 2400°F. respectively. One was a semi-muffle type and the other full muffle, both operating on atmospheric burners without any blowers or other equipment. The C. M. Kemp Manufacturing Co., again showed their Kemp System of air-gas mixing. This device showed how balance is maintained throughout a wide range of turndown.

A new background display of the Selas Corporation of America illustrated very effectively their principle of high speed heating in the special machine for tubes and rods. In their outer exhibit area the Selas machine for premixed gas operated several types of radiant burners.

The Spencer Turbine Company once more mystified visitors with their turbo air blower supporting a basket ball on a column of air. This year the blower was swung over a 20° arc moving the column of air and taking the ball with it. General Controls Co. had many samples of their controls and valves arranged in an attractive display.

The exhibition of industrial gas equipment was not limited solely to the A.G.A. area. Several other manufacturers had space in various buildings around the fair ground. Included were Continental Industrial Engineers, Electric Furnace Co. and Surface Combustion Corporation.

Throughout the entire week of the Metal Show, both day and night, a continuous stream of delegates flowed through the combined industrial gas exhibit. As practically every item of civilian and military production requires heat-processing, the particular interest in gas equipment was understandable. The cooperating exhibitors expressed a collective opinion that this 1951 Metal Show was one of the most successful in their many years of cooperation in the combined gas exhibit.

Industrial gas breakfast

A highlight of the Metal Show is, of course, the traditional Industrial Gas Breakfast. This year's breakfast, the 14th, was attended by 117 industrial gas men and industrial gas equipment manufacturers' representatives, who with their guests from the metal trade publications, represented one of the largest turnouts ever at the breakfast.

Presiding at the breakfast was Ronald A. Malony, executive vice-president, The Bridgeport (Conn.) Gas Light Co., and 1952 chairman, A.G.A. Industrial & Commercial Gas Section. For the first time since these breakfasts were inaugurated, a president of the American Society for Metals, in the person of Walter E. Jominy, brought the official greetings from that organization. In his introduction, Chairman Malony cited Mr. Jominy's early service to the gas industry when he conducted several research projects on forging and heat treating for the A.G.A. Industrial Gas Research Committee at the University of Michigan where he was research engineer. His work was responsible for many new concepts on those subjects and brought about changes in furnace design.

Greetings were brought from the host company, Michigan Consolidated Gas Co., by Hale A. Clark who also introduced the guest speaker. Harry G. Moock, Chrysler Corp., spoke on human engineering and the consideration of human values to fit the man for the job of a successful industrial executive. Mr. Moock talked an engineer's language and made effective use of chalk on a blackboard to reduce his points to simplified equations in an engineer's terms.

The breakfast was followed immediately by meetings of the Section Committees related to the uses of gas in industry. These will be reported upon in a subsequent issue.

Gas-fired toasters, urns and other small commercial type gas appliances were in demand for volume cooking installations of all sizes

Marked interest in gas for volume cooking was indicated by the nature and quantity of questions dietitians asked at the information center

Combined gas cookery exhibit attracts dietitians

Numerous questions asked at the Gas Information Center, by the three-thousand dietitians who attended the 34th annual meeting of the American Dietetic Association, Cleveland, October 9-12, confirmed the continued lively interest of this key group in gas for volume cooking. The Information Center was sponsored by The East Ohio Gas Co., and the A.G.A. Industrial and Commercial Section.

Heavy-duty gas cooking equipment manufacturers exhibiting at the dietetic show expressed satisfaction with the institutional demand for replacements. The output of these manufacturers is expected to meet all these demands, except in certain stainless steel models, according to an industry spokesman.

Emphasis of the convention was on food costs and related subjects, which accounted for the many inquiries at the gas booth regarding equipment. More than passing interest in this phase of volume cooking was given by members of the armed forces. Leading these uniformed dietitians was Colonel Miriam E. Perry, chief, Womens' Medical Specialists Corps, Air Force.

The A.G.A.-East Ohio booth was manned continually by members of the A.G.A. staff and by commercial representatives and home service personnel of The East Ohio Gas Company.

From the interest shown in food service equipment and fuel, as reported at this convention, it must be realized by commercial gas departments that the dietitian of a school, hospital, institution or an armed forces establishment is an important factor in the selection of equipment. The sale of gas for institutional cooking can be further promoted through the contacts made at this show. The way has been paved for commercial gas men to call on the dietitians in their territory, and follow up the information given at the gas industry's booth at the dietitians' convention.

The grouping together of the displays of several manufacturers, in the A.G.A.-sponsored combined commercial cooking exhibit, increased the impact upon convention visitors and gave them the opportunity to study gas equipment under favorable conditions. Those companies showing gas appliances at the Public Auditorium were: The G. S. Blodgett Co., Inc.; Cleveland Range Co.; Duke Manufacturing Co.; Groen Manufacturing Co.; Kewannee Industrial Washer Corp.; Lyons Alpha Products Co., Inc.; Market Forge Co.; Royce L. Parker, Inc.; and Savory Equipment, Inc.

Gas processes new liner's revolutionary features

In the hobby magazine *Ships & Sailing* we find an obscure item about the new U. S. Lines' giant 51,500 ton, 30-knot superliner "United States." The new ship has accommodations for 2,000 passengers with a crew of 1,000. Should it be necessary in war time, this ship can carry 14,000 troops—almost a full division.

The gas industry interest in this ship is that all the metal used above the main deck was processed by gas. Although there has been considerable hush-hush about it, this hobby magazine carried a photo of one of the aluminum funnels on the dock at Newport News, Va., before it was hoisted aboard. It is the largest funnel in the world and made of sheet aluminum. It measures 60 feet long and 55 feet high. This funnel and its twin have "Sampan" tops like those on the America.

Great secrecy has surrounded the construction and launching of this luxury ship but every once in a while a news story appears in the press which, if put together with others makes a fairly complete story. Only recently it was announced that the ship could have been delivered before this but has been held up on account of the shortage of light metal for the furniture. Reasonable conjecture is that it is aluminum.

No doubt there will be a feature gas story on this 980 foot ship as soon as a release can be secured on the manufacturing processes for the metal which bids fair to revolutionize ship construction.

Utilities gain by local restaurant show displays

A program of displaying heavy duty gas appliances at the annual show of its state restaurant association is paying off handsomely for The East Ohio Gas Company. For nearly three decades there had been no gas equipment on display at the annual expositions of the Ohio State Restaurant Association. But in 1949 The East Ohio Gas Co. took the initiative and reserved booth space to show commercial cooking appliances.

The success of this venture, in stimulating interest among the restaurateurs, promoted The Ohio Fuel Gas Co. to join with East Ohio at the next year's show. The combined efforts of these two companies more than met expectations in the promotion and sale of new and replacement equipment in their territories. This year at the 32nd Mid-America Exposition sponsored by the Ohio restaurant group in Columbus, during the latter part of September, The Cincinnati Gas & Electric Co. joined to make it a three-company cooperative exhibit.

As manufacturers of heavy duty volume cooking equipment do not exhibit in state shows, gas companies are realizing that it is up to them to develop this type of promotion to further the sale of heavy duty gas appliances. They can thus give added support to the maintenance of their respective profitable commercial loads.

The combined efforts of three utilities in displaying heavy duty gas appliances at their state restaurant association shows is materially boosting the sales of new and replacement equipment

That this trend is gathering momentum in Ohio is a tribute to the late Carl Walters of The Ohio Fuel Gas Co. who originated the idea. That it is ably carried on by Ray Juergens of The East Ohio Gas Co. is evidenced by the additional companies that will join this cooperative effort in next year's exposition.

For just such promotional efforts, A.G.A. has attractive flexible display background material available on a rental basis. Detailed information is available from Industrial and Commercial Gas Section, A.G.A. Headquarters.

IGT marks decade of industry service

THE INSTITUTE OF GAS TECHNOLOGY celebrated its 10th anniversary recently, when more than 90 persons attended the yearly meeting in Chicago.

Executives and representatives of the nation's leading utility gas producers, distributors and appliance manufacturers—sponsors of IGT—elected the following trustees for the term expiring in 1954: F. M. Banks, president, Southern California Gas Co., Los Angeles; E. J. Boothby, president, Washington (D. C.) Gas Light Co.; Henry R. Cook, Jr., vice-president, Consolidated Gas Electric Light and Power Co. of Baltimore; James D. Cunningham, president, Republic Flow Meters Co.; E. H. Eacker, president, Boston Consolidated Gas Co.; R. H. Hargrove, president, Texas Eastern Transmission Corp., Shreveport; James F. Oates, Jr., chairman of board, The Peoples Gas Light and Coke Co., Chicago; Paul R. Taylor, vice-president, Consolidated Electric and Gas Co., New York, and George S. Young, president, Columbia Gas System, Inc., New York.

E. S. Pettyjohn, director of the institute, marked the close of a decade in which IGT has grown from a vision to an established educational and research institution. Its assets of over a million dollars represent one of the finest research plants serving any industry.

NEGA publishes membership directory

WITH TYPICAL YANKEE thoroughness, New England Gas Association has compiled a membership directory that is one of the most comprehensive and useful of its kind.

The 110-page book lists all 1,100 NEGA members by name and company affiliation, and is coded so that the job classifications of all individuals can be ascertained. The number of employees, meters and annual sales of member utilities for the entire area are presented in tabular form. Data on manufacturer members include names of executives, representatives, services and appliances. In addition to the classified material, there is a complete index as well as a brief summary of NEGA's purposes and principles.

The directory, which is published biennially, has been mailed to all members. Extra copies are available from NEGA headquarters, 41 Mt. Vernon St., Boston, to members only, for $3.50 each.

New pipeline completed

TEXAS ILLINOIS Natural Gas Pipeline Co.'s new $135,000,000 natural gas transmission line, connecting Texas gulf coast fields with Chicago, went into operation on Wednesday, December 5. A dedication ceremony was held at the main terminal near Joliet, Ill., where the 30-inch, long-distance line from the southwest joins the Chicago area gas distribution system. Texas Illinois is a subsidiary of The Peoples Gas Light & Coke Co., of which James F. Oates, Jr. is chairman.

Joseph J. Hedrick, president of Texas Illinois, announced that the last link in the 1,417-mile high-pressure pipeline was the difficult underwater crossing of the Mississippi River. Flood waters halted final installation of the 3,000-foot long crossing deep within the river bed. Despite delays, less than 16 months were required to build the four-state system, the third long-distance line linking midwest markets with the southwest.

Four major Chicago metropolitan utility companies will receive a large share of the new pipeline's output. They are: The Peoples Gas Light & Coke Co.; Public Service Co. of Northern Illinois; Northern Indiana Public Service Co.; and North Shore Gas Company.

The congestion of urban underground facilities increases the need for cooperative anti-corrosion action

City corrosion committees

H. BRUCE ANDERSEN, *CHAIRMAN* • CHANNING W. WILSON, *VICE-CHAIRMAN*

The corrosion processes which cause the failure of metallic structures are the same in the wide open spaces of Texas and Oklahoma as they are in the congested cities of the industrial northeast. Yet the mitigation of corrosion is far more complicated in large cities than on the open plain.

The congestion of underground structures in a city such as New York is almost beyond belief. Excavations in crowded sections will expose cables and conduits of the power company, the transit system, the telephone and telegraph companies, and the fire alarm system and mains of the gas company, the water system and the steam company. Tracks of intersecting subway systems and a railroad may be found at three levels. At times it appears the structures were buried in and under the streets in close proximity to each other with practically no planning for avoiding the ravages of corrosion.

In the past, corrosion was the problem of the company or system which suffered the damages. The only relief was the replacement of the corroded equipment and the only hope was that it would not happen again. Of course, it did happen again, and until comparatively recent years the replacement was a cyclic requirement. A certain cable had to be replaced every four or five years, a certain main corroded or graphitized every ten or twelve years. Railroad tie spikes "necked off" at regular intervals.

Our knowledge today tells us why these failures occurred. A difference of potential between two structures, the use of incompatible metals, corrosive soil in an area through which cables and pipes must pass are several causes of corrosion which spell failure to underground structures.

In the past, stray railway currents caused much electrolysis of pipes and cables. Effective solutions were obtained by engineering representatives of the various companies making electrolysis tests and installing mitigative methods in mutual cooperation. Modern installation of cathodic protection in congested areas likewise will be most beneficial for all concerned if all companies enter into a coordinated effort. In the absence of cooperation, actual corrosion damage from "protection currents" may occur.

One method of obtaining unified effort in corrosion control is the formation of a local corrosion committee. Such committees are in existence in many parts of the country, particularly in large cities. Membership usually includes private and municipal gas, electric, water and traction companies. Communication, railroad and pipeline operators also find memberships of invaluable assistance in their fight on corrosion.

Must establish need

The corrosion, or electrolysis, committee may operate in any one of several ways. At the start, management must be assured (if not already convinced) that such a committee can be of real assistance in reducing the cost of operation by eliminating repair and replacement expense due to corrosion. After this has been done, the formation of the committee can begin. A representative from each company operating in the area should be selected by his company to represent it on the committee. The committee may meet bi-monthly or quarterly to discuss the various corrosion problems existing in the area and the possible methods for eliminating the causes of the trouble. A chairman, qualified to lead these discussions and to help evaluate the suggestions presented as cures, should be elected from the membership.

Some corrosion committees operate under a chairman who has the authority to call together, at any time, those members whose structures are directly involved in a corrosion problem. Meetings are held in the field and tests are jointly conducted. The problem is discussed and an engineering solution worked out to the satisfaction of those present. Usually each company bears the cost of the work on its own system.

The actual mechanics of operation of the committee is not as important as the cooperation which invariably results from coordination of efforts.

Believe it or not

IF YOUR PARTNER trumps your ace during a bridge game, and you get hot under the collar, you generate more heat than the pilot light in your gas range!

The Gas Appliance Manufacturers Association is now squelching an old supposition that the pilot light in a domestic gas range gives off excessive heat. The belief, which has caused considerable sales resistance to gas appliances, is being disproved in a "believe it or not" release distributed to newspapers across the country.

The informative article reveals that an ice cube, in the process of freezing, gives off 300 Btu. The average domestic gas range pilot light generates only 200 Btu in the same amount of time.

Another interesting fact is that if you mop up the kitchen floor or try to erase the bathtub ring left by Junior, you generate 759 Btu an hour. The heat researchers also discovered that a couple, doing the rhumba, stirs up about 1,700 Btu an hour.

W. J. SCHMIDT, *CHAIRMAN* · RAYMOND J. VANDAGRIFF, *VICE-CHAIRMAN*

Drive to up plumbers' sales of water heaters

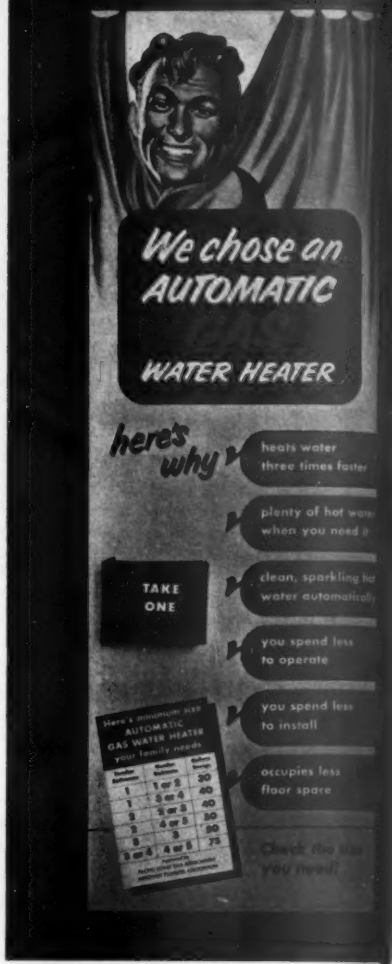
Surveys recently made in the gas industry showed that from 50 to 75 percent of the automatic gas water heaters sold today are sold through plumbers and dealers. Statistics of the Gas Appliance Manufacturers Association state that 79.7 percent of all water heaters sold are distributed through plumber-dealer outlets. Capitalizing on this active market and determined to increase sales of automatic gas water heaters next year, the American Gas Association will sponsor an industry-wide promotional campaign in February and March, 1952, based on the theme "Ask Your Plumber-Dealer."

The crux of the campaign will be a consumer guessing contest. The contest will be featured and promoted by means of a special window display. Blanks to enter the contest must be obtained from a plumber or a dealer. The display material will be supported by a plumber-dealer kit, and it is believed that intelligent use of these materials will greatly increase floor traffic for plumbers and dealers who handle automatic gas water heating equipment.

The focal point of the window display promoting the contest will be an automatic gas water heater, set up and connected in a utility's or a plumber-dealer's window. Attractive three color posters and pennants dress up the display. Consumers are invited by the display to guess how many hours, minutes and seconds the connected gas water heater can deliver hot water at its rate of flow.

Contestants can obtain entry blanks from their plumber-dealer. The blank will carry the entrant's name and address, and information about his present water heating equipment, including its age. Entry blanks will be stamped by the plumber-dealer distributing them and will be returned to the proper dealer at the conclusion of the contest as possible leads for future sales.

Display materials available include 20-inch by 60-inch displays on an easel back, showing a man showering and listing many advantages of automatic gas water heaters. Pennants with appropriate punch lines accompany the large easel displays. Smaller easel cards emphasize quantities of hot water needed for dish washing, showers, laundry use and other household requirements. The consumer guessing contest is advertised on a 30-inch by 40-inch easel display card.



Eye-arresting easel displays are offered

The supplementary kits for utilities and plumber-dealers will contain pennants, easel backed cards, window valences, and an illustrated easel back with a rack containing 25 copies of the A.G.A. Promotion Bureau's booklet on gas water heating. This kit will be available to plumber-dealers at $3.00 per kit on orders received before January 1, 1952 and at $3.50 a kit after that date.

To triple gas exhibit space at Builders Show

Gas kitchens and laundries will occupy approximately half of the exhibit space at the Congress Hotel, Chicago, during the 1952 Home Builders Convention and Exhibit, January 20-24, 1952. The New Freedom Gas Kitchen Bureau, A.G.A., has reserved 18 booth spaces and no less than four combination gas kitchens and laundries will be exhibited. This represents nearly three times the amount of space that A.G.A. took at the Builders Show in 1951.

Among the gas appliance manufacturers who will exhibit are American Stove Co., Blackstone Corp., Chambers Corp. and Cribben & Sexton. Others taking display space are Hamilton Manufacturing Co., Hardwick Stove Co. and Rheem Manufacturing Company. In addition, space has been taken by Ruud Manufacturing Co., Servel, Inc. and Western-Holly Stove Company.

Cabinet manufacturers scheduled to show combination gas kitchens and laundries include Mutschler Brothers, Lyon Metal Products and Kitchen Maid. The latter organization is a new addition to the growing number of well-known cabinet manufacturers cooperating with the gas industry.

Spring style show to bring sales and glamor to showrooms

That first, warm breeze—that brave, early robin—those crazy, frilly hats in department store windows. All hint of Spring, 1952. Another sure sign is the annual A.G.A. Spring Style Show of modern, automatic gas ranges, to be held this year during April, May and June. Linking glamor with automatic gas cooking, the promotion aims to bring a sprightly, fashion-conscious, Spring look to utility and dealer showrooms. The Style Show will get its first push when the April issues of national magazines reach the newsstands on March 20. All A.G.A. national advertising in these April issues will emphasize the Style Show theme.

Biggest industry-wide tie-in, however, is with the MGM Technicolor musical production, "Lovely to Look At." A re-make of the operetta "Roberta," the film stars Red Skelton, Kathryn Grayson, and Howard Keel. One important highlight of the film is a Parisian fashion show, which offers endless possibilities for local utility and dealer promotions. Fashion shows featuring Spring costumes as well as modern gas ranges can be arranged in cooperation with department stores and major dress shops.

Newspaper advertising and publicity for the Style Show promotion has been planned by A.G.A. and GAMA. Mats of newspaper advertisements featuring Kathryn Grayson are available for local utility use. A large amount of newspaper women's page copy will soon be available from GAMA. Utilities may arrange with local newspapers for special gas range pages of utility and dealer ads, gas range publicity and news stories concerning gas.

Another gimmick for the campaign is a large 40 inch by 60 inch full color lithographed display which shows Kathryn Grayson removing a roast from a gas range oven. The display, which can be used on the showroom floor or in the window, is so constructed that it can be placed next to an actual range. With the oven door open, it appears that Miss Grayson is actually removing the roast. Behind her, peering over the panel, is Howard Keel. There are two or three smaller pieces to accompany this display which can be used on top of the range, or on oven or broiler doors.

In addition to this life-size display, A.G.A. is offering 22 inch by 28 inch counter cards, jumbo price tags similar to those used in the Old Stove Round Up, pennants, window valances, small 8 inch figures of Kathryn Grayson, "Lovely to Look At" in five different gowns from the motion picture.

To build store traffic, two give-aways have been planned by American Gas Association. Little girls accompanying their mothers to the showrooms will be given a die-cut cardboard doll with six paper costumes, together with a die-cut three dimensional gas range and six tabbed paper gas range tops and fronts to fit the range. An apron, for special use at cooking schools, and fashioned by a leading dress designer will also be available.

A dealer brochure, "Another Big Gas Industry Star Studded Promotion for You," details the broad scope of the A.G.A. promotion. On the center spread of this three-color self-mailer, all display materials are listed and offered in a package for direct sales to dealers at a single package price. Gas utilities are urged to order a sufficient number of the special brochures for distribution to all dealer outlets on or before March 1.

Samples of this brochure, illustrations and other detailed information will be mailed to gas utility members during January. A.G.A. trade paper advertising in dealer publications will appear in January issues, while GAMA's trade advertising will begin in March.

These are the plans. The actual "doing," to make the most of the groundwork already laid, is up to the local utility. And although blustery December winds chase away all thoughts of Spring, now is the time to plan next season's windows, fashion shows and displays.

Laclede library

RICHARD P. W. LEVINE has been appointed director of The Laclede Gas Company's new technical library. The St. Louis utility will furnish a complete reference service for its various departments, and will provide guides to periodical literature concerning engineering, chemistry, finance, personnel, home economics, other specialized subjects.

Mr. Levine is a graduate of the University of Nebraska and the Graduate Library School at the University of Chicago. Before joining Laclede, he was associated with Washington University, St. Louis, and the John Crerar Library, Chicago, one of the largest scientific and technological libraries in the world.

Socialism in reverse

DEMOCRATS AND REPUBLICANS are finding lots to argue about all over the country these days—and Benedict, Kansas, is no exception. But Benedict's 105 voters agree on one point, at any rate. In an election recently, the voting population performed the unusual feat of casting a unanimous ballot approving the sale of their city-owned gas utility to Union Gas Co., Independence, Kansas.

Sales make the Portland wardrobe

"Duds for Dudes" was Portland Gas & Coke Company's salesman participation in the 1951 Old Stove Round Up. Each piece of cowboy attire represents one range sale. Models at company's chuck wagon breakfast are (left to right) Ed Fursman in cowboy suit, Howard Magnuson in barrel and Dick Sinclair in hat

Industry news

Executive Committee on Taxation formed

AN ORGANIZATION MEETING of the Executive Committee on Taxation was held in St. Louis during the recent annual American Gas Association convention. Chairman Robert A. Hornby, executive vice-president, Pacific Lighting Corporation, San Francisco, Calif., described the formation of the committee and outlined its purposes.

Organized by directive of the A. G. A. Executive Board, the committee will relieve the Defense Committee of taxation problems. The committee will formulate policy on pursuing tax matters before Congress. It will utilize the present Taxation Accounting Committee of the Accounting Section as its technical staff to set up reports and recommendations.

Members of the committee in addition to Mr. Hornby are: M. A. Abernathy, vice-president, United Gas Pipe Line Co., Shreveport, La.; James Comerford, vice-president, Consolidated Natural Gas Co., New York; E. H. Eacker, president, Boston Consolidated Gas Co., Boston; Frank L. Griffith, vice-president and comptroller, The Peoples Gas Light and Coke Co., Chicago; William N. Grinstead, president, The Ohio Fuel Gas Co., Columbus; Lyle McDonald, vice-president and comptroller, Public Service Electric and Gas Co., Newark; Fred W. Peters, vice-president and secretary-treasurer, Oklahoma Natural Gas Company, Tulsa; W. T. Stevenson, president, Texas Gas Transmission Corp., Owensboro, Ky.; and Claude A. Williams, president, Transcontinental Gas Pipe Line Corp., Houston, Texas. George H. Smith, the assistant managing director of A. G. A., will serve as secretary of the new committee.

Robert A. Hornby

Several invited guests were in attendance at the St. Louis meeting. Among them was David W. Richmond, tax consultant from Washington, D. C., who gave the committee members and guests a summary of the status of the Revenue Tax Bills now before Congress.

New England home service stresses cooperation

"COOPERATION Within the Gas Utility" was the theme of the two-day conference conducted by the Home Service Group of the New England Gas Association on November 5-6. Vice-Chairman Gladys Bramblett, home service director, Fall River Gas Works, presided.

Two identical programs were set up, in the form of a panel followed by a floor discussion. The November 5 meeting was held in the Home Service Auditorium of the Hartford Gas Co., with 100 home service workers in attendance. The November 6 meeting was conducted in the Hampshire House, Boston, with 85 in attendance.

Members of the Arrangements Committee were: Janet Siebert, Taunton Gas Light Co.; Jeanne Wright, Boston Consolidated Gas Co.; Mrs. Esther Emmons, Portland Gas Light Co.; Mary Catherine McGrady, Malden and Melrose Gas Light Co.; Ella Heyne, Northampton Gas Light Co.; Marie K. O'Brien, Providence Gas Co.; H. Dorothy Keller, Blackstone Valley Gas & Electric Co., Woonsocket Division.

Canadian gas to reach Northwest by 1954

PORTLAND GAS & COKE CO. and Seattle Gas Co. have completed negotiations with the Northwest Natural Gas Co. for a supply of Canadian natural gas to serve the franchise areas of the two companies.

C. H. Geuffroy, president, Portland Gas & Coke, said the negotiations followed the signing of a contract by Northwest Natural with Canadian Gulf Oil Corp. for the exportation of natural gas to a number of Northwest cities. The contract was filed with the Alberta Petroleum and Conservation Board in support of an application by Northwest to export natural gas to Oregon, Washington and British Columbia.

The proposed line, which has been estimated to cost $100 million, will extend across northern Idaho to Spokane. A lateral line will serve Trail and Kimberly, B. C., where the world's largest zinc and lead mines are located. The main line will then swing west to Seattle, Vancouver and Portland.

Officials of Northwest Natural plan to make natural gas available in the Pacific Northwest by 1954.

New gas conversion firm organized

COMMONWEALTH SERVICES, INC., New York, has announced the incorporation of a subsidiary, Commonwealth Gas Conversions, Inc., to serve operating gas utilities in converting gas appliances for the use of natural gas or high Btu manufactured gas.

William B. Tippy, vice-president and director of Commonwealth Services, Inc., is president of the new company. Field work is being conducted under the direction of Cletus B. Farrell, general manager, and Howard E. Wallis, chief field engineer, both with long experience in the gas conversion field.

Commonwealth Gas Conversions, by agreement with Gas Construction & Service Co., is taking over all field conversion services previously rendered by the latter organization. The new company is now engaged in conversion work for several gas utilities in the New England area.

Wisconsin Utilities Association convenes

ALMOST 650 MEMBERS of the Wisconsin Utilities Association gathered in Milwaukee on November 14-16 for one of the largest conventions in the association's history.

Gas company delegates elected J. H. Mikula chairman of the gas section's sales and service division. Mr. Mikula, who is sales manager, Milwaukee Gas Light Co., succeeds A. G. Bur. S. L. Hagen was elected division vice-chairman. He is manager of the promotional sales department, Northern States Power Company.

Members of the Gas Section's Technical Division elected Albert Smith as chairman. Mr. Smith, district manager of Northern States Power Co., succeeds J. C. Bolender. Maurice Lewis, gas superintendent, Wisconsin Michigan Power Co., was elected division vice-chairman.

Gas forecasting bibliography ready

A COMPREHENSIVE and valuable "Bibliography on Gas Company Forecasting Methods" is now available. It covers the period from 1938 to April 1951, as reported in the A.G.A. MONTHLY, the A.G.A. *Proceedings, American Gas Journal, Gas, Gas Age, Oil and Gas Journal, Pacific Coast Gas Association Proceedings, Petroleum Engineer, Public Utilities Fortnightly,* several books and the A.G.A. Post-War Planning Committee reports.

The bibliography has been compiled at the request of the A.G.A. Statistical Committee's Subcommittee on Forecasting Methods. The subcommittee is now working on a project concerning related aspects of the subject. This eventually will be included as an appendix to the subcommittee report.

"Bibliography on Gas Company Forecasting Methods" can be obtained free from Mary Agee, librarian, American Gas Association Headquarters.

New natural gas supply

HAPPENINGS around Renovo, in northwestern Pennsylvania, are giving eastern seacoast cities new hopes for large natural gas supplies close to home. For the last two years, this area—which had once produced gas, but was thought to have been exhausted—has been coming back to life with a whoosh. From the many wells drilled by wildcatters, as well as large and small operators, enough gas is now flowing to start supplying suburban Philadelphia and Pittsburgh. Drillers are going deeper than ever before in hope of finding new, untouched pools. Eastern gas consumers, meanwhile, can just hope for the important discoveries that would find great amounts of natural gas "right in their own backyards."

A.G.A. to study public relations

THE A. G. A. EXECUTIVE BOARD has authorized the appointment of a committee to decide whether an industry program of public relations should be instituted, and if so, its nature. If it is felt that a program is necessary, the committee will decide how it should be financed and operated.

Ernest R. Acker, president, Central Hudson Gas and Electric Co., Poughkeepsie, N. Y., an A. G. A. past-president, has been appointed chairman of the newly formed Public Relations Committee. Members include: F. M. Banks, president, Southern California Gas Co., Los Angeles; F. D. Campbell, president, New England Gas and Electric Assoc., Cambridge; E. S. Fields, vice-president, The Cincinnati Gas and Electric Co., Cincinnati; W. H. Ligon, president, Nashville Gas Co.; Remick McDowell, vice-president, The Peoples Gas Light and Coke Co., Chicago; Chester L. May, vice-president, Lone Star Gas Co., Dallas; F. T. Parks, vice-president, Public Service Company of Colorado, Denver; and Claude A. Williams, president, Transcontinental Gas Pipe Line Corp., Houston.

E. R. Acker

Ebasco safety meeting studies industry accidents

A GAS ROUND TABLE was one of the main features of the recent 13th annual safety convention of Ebasco Services, Inc., client companies. One hundred and twenty-five delegates, representing 40 companies attended the Chicago meeting from October 8-12.

C. L. Hightower, safety director of the United Gas Corp., Shreveport, La., led the round table. Safety and operating personnel discussed problems of accident prevention in the production and distribution of natural and manufactured gas. Fighting fires on pressure lines, safe practices in unloading pipe, repairing high pressure leaks, first-aid treatment of burns, instruction of the public on gas installation and service, and the development of safe procedure manuals also received the attention of the group.

The convention program stressed the excessive cost of accidents, not only in money, but also in public and employee relations.

The session also featured several specialized panel discussions and lectures concerned with driver training, post-accident investigation, safety discipline, supervisory training, and by-products of safety.

W. T. Rogers, safety consultant, Ebasco Services, Inc., was general chairman of the meeting.

Statistics of the month

● **Utility gas sales**—September, 3,179 million therms down 2.3 percent from 3,255 million therms in August, but up 13.9 percent over 2,792 million therms in September 1950.

● **Gas-fired central heating equipment**—October preliminary, 72,600 units, up 31.3 percent over 56,800 units in September but down 25.6 percent from 97,600 units in October 1950. (Breakdown: 44,200 gas-fired furnaces—forced warm air and gravity; 6,800 gas-fired boilers; 21,600 gas conversion burners).

● **Oil-fired burners**—first ten months 1951, 561,807 units, down 15.3 percent from 663,755 installations during the same period of 1950.

● **Domestic gas range shipments**—October preliminary, 206,800 units, up 13.1 percent over 182,800 in September, but down 32.9 percent from 308,000 units in October 1950.

● **Electric range shipments**—September, 110,000 units, up 48.4 percent from 74,100 units in August, but down 38.4 percent from 178,500 units in September 1950.

● **Automatic gas water heater shipments**—October preliminary, 157,700 units, up 24 percent from 127,100 units in September, but down 32.9 percent from 235,100 units in October 1950.

● **Electric storage water heater shipments**—September, 53,600 units, down 5.3 percent from 56,600 units in August, and down 45.5 percent from 98,300 units in September 1950.

LP-gas conversion text

ARRANGEMENT OF THE PRACTICAL text, *How to Convert to LP-Gas Carburetion,* follows the general course outline of this subject as it is taught at the National LP-Gas Institute in Tulsa, Oklahoma. The author, who is the Institute's training director, has planned the first half of the book to prepare the reader for the study of gasoline conversion to LP-gas use. Chapters VIII through XV deal specifically with this subject, and beginning on page 344 are 11 addenda, each covering the carburetion equipment of individual manufacturers. The book is of primary value to LP-gas operators interested in extending their markets to the farm tractor, or the auto and truck fields. Some other engine uses may also be developed. The book is illustrated liberally with installation data halftones which assist in visualizing the explanatory texts.

HOW TO CONVERT TO LP-GAS CARBURETION. *T. E. Wisby, training director, National LP-Gas Institute, Tulsa, Oklahoma. 419 pages, plus index. Cloth bound, six by nine inches. Published by Ross-Martin Co., Tulsa, Oklahoma. $10.*

"CP" babies are blue-ribbon winners

A HALF-DOZEN bright-eyed moppets are endearing themselves to newspaper readers throughout the country. Featured in a promotion of "CP" ranges sponsored by GAMA, the babies tell the story of modern gas range cookery in six easy lessons.

Under each eye-catching baby's picture is a question suited to his facial expression. Each question deals with a "plus."

There is no baby-talk about GAMA's promotion, however. Aimed at attracting high readership, the ads tell how CP ranges are up-to-date, automatic, cool, clean and economical.

The complete series of six plastic printing plates and accompanying caption material with room for the sponsoring company's name, has been prepared under the direction of James I. Gorton, head of GAMA's "CP" Division. It may be obtained from Gas Appliance Manufacturers Association, 60 East 42 St., New York 17, for $7.00.

Who says there's anything cleaner than an automatic gas range!

Workshop plans

TWENTY-FIVE MEMBERS of the A. G. A. Home Service Committee met in New York on Friday, November 2, with its chairman, Flora Dowler of The Manufacturers Light and Heat Co., Pittsburgh, presiding. Plans were discussed for the A. G. A. Home Service Workshop, to be held at the Drake Hotel in Chicago from January 21-23, 1952.

Committee projects this year include a continuing study of uniform directions for use of the broiler, instruction sheets for home service use of water heater and laundry promotion, and cooperation with Residential Gas Section activities.

Preserve your A.G.A. Monthly

ARRANGEMENTS have been made with the Library Binding Institute to give our readers assistance in binding their copies of the A. G. A. MONTHLY. The institute is an organization representing a number of library binderies specializing in binding serial publications into volumes. This binding may be done in accordance with the American Library Association's "Minimum Specifications for Class 'A' Library Binding," a standard of materials and construction necessary for durability, flexibility and service in a bound volume.

Certain reliable library binderies have been granted certification by the Joint Committee of the American Library Association and the Library Binding Institute. The names and addresses of certified binderies in a particular area may be obtained by writing to the Library Binding Institute, 501 Fifth Avenue, New York 17, New York. Instructions for preparing your periodicals for "Class A" binding may also be obtained.

Postpone N.C. Institute of Gas Technology

OPENING of the North Carolina Institute of Gas Technology, originally set for October 1, has been postponed until January 14, 1952, due to the necessity of installing equipment and completing arrangements.

In a letter to utilities, announcing the postponement, Edward W. Ruggles, director, N. C. State College, emphasizes the value to them of the Institute in training new employees. He suggests Institute training as an extra recruitment incentive, announced to prospective employees by newspaper advertising. "An added incentive might be that if he came back to you and proved satisfactory, you would reimburse him for at least a part of the cost of training," he wrote.

Recommended newspaper advertising copy accompanied the letter.

Published detailed data on industrial piping

CONVENIENCE, thoroughness and ready reference are outstanding features of *Industrial Piping*, by Charles T. Littleton and R. A. Dickson, newly published by the McGraw-Hill Book Company. By assembling in a single volume the essential information on industrial piping, the authors have furnished a handy means of replacing the data sheets, leaflets, catalogues and standard specifications which practicing piping designers, pipe foremen, draftsmen and engineers require in their work.

As an instance of its work-a-day usefulness, the book points out the kinds of materials, pipe and fittings that should be used for various applications. To aid in making a choice, it provides pertinent data on scores of different materials and types of piping required in the chemical, process and petroleum industries and power plants.

The book explains the procedure for designing and erecting a modern industrial plant from preliminary flow sheet and plot plan to the final erection drawings. The simplest and most practical methods commonly used to solve such problems as determining pipe sizes and pressure drops are presented. For each type of pipe service there is information covering methods of flow calculations as well as the material, fittings and valves used. The tables of fittings are grouped according to the service for which they are generally used for convenient reference.

Each of the most recently developed piping materials, alloys and plastics used in modern industrial plants are discussed, with their advantages and disadvantages clearly indicated. Of practical value to engineering purchasing departments is the table of valve equivalents for valves in the pressure classes up to 600 pounds. These equivalents give the catalogue numbers of about a dozen leading valve manufacturers. The chapter on estimating piping costs includes an ingenious quick method on computing variations in costs.

Industrial Piping. By Charles T. Littleton, formerly engineer in charge of piping, American Cyanamid Co., with a special chapter on estimating by R. A. Dickson. 394 pages. Cloth bound. Published by McGraw-Hill Book Company, 330 West 42nd St., New York. $8.00.

A.G.A. announces November publications

LISTED HERE are publications released by American Gas Association during November 1951, up to closing time of this issue of the MONTHLY. Information in parentheses indicates audiences for which each publication was designed.

Accounting

● **Auditing Case Studies** (for internal auditors in the gas industry). Prepared by A.G.A.-E.E.I. Internal Auditing Committees. Available from A.G.A. Accounting Section. Free.

● **Accounting Developments Service** (for utility accountants). Prepared by Accounting Developments Service Subcommittee. For a year's subscription to members, $1.50; for a year's subscription to non-members, $2.50. Individual members of Accounting Section are supplied copies gratis. Available from A.G.A. Headquarters.

Home Service

● **Cuff Notes on Television** (for home service workers, sales and advertising staffs). Prepared by Home Service Committee. Available from A.G.A. headquarters, 15 cents a copy.

PAR

● **PAR Briefs** (for executives of PAR Plan subscribing companies, of interest to all gas utilities). Prepared by PAR Committee. Available at A.G.A. Headquarters.

Research

● **Research Bulletin No. 10—Sulfur Poisoning of Nickel Catalysts** (for those companies having catalytic cracking units). Prepared by Gas Production Research Committee. Available from A.G.A. Headquarters or Institute of Gas Technology, $2.50 a copy.

● **Research Bulletin No. 11—Expansion Behavior of Coal during Carbonization** (for those companies having coke oven applications). Prepared by Gas Production Research Committee, $5.50 a copy. Available from A.G.A. Headquarters and IGT.

● **Interim Research Report No. 1—Study of Combustion Characteristics of Fuel Gases** (for all gas utility companies). Prepared by Joseph Grumer, U. S. Bureau of Mines, under the sponsorship of the Gas Production Research and Domestic Gas Research Committees. Available from A.G.A. Headquarters for 50 cents a copy.

● **Investigation of the Pressure Characteristics and Air Distribution in Box-Type Plenums for Air Conditioning Duct Systems** (for furnace and air conditioning manufacturers, installers, architects, designers). Prepared by S. F. Gilman, R. J. Martin, and S. Konzo. Available from A.G.A. Headquarters for 80 cents a copy.

Bureau of Statistics

● **Report on Gas Rate Changes, 1951** (for member utilities). Prepared by A. G. A. Rate Committee. Available to members only from Bureau of Statistics, free.

● **Monthly Bulletin of Utility Gas Sales—September 1951** (for utilities, and financial houses). Prepared by Bureau of Statistics. Available from A. G. A. headquarters, free.

● **Quarterly Report of Utility Gas Sales—Third Quarter, 1951** (for utilities and financial houses). Prepared by Bureau of Statistics, and available from A. G. A., free.

United Fuel Gas appoints Bivens to succeed Mefford

H. C. MEFFORD, SR. vice-president and general manager of the United Fuel Gas Co., Charleston, W. Va., retired on November 1. He is succeeded by E. D. Bivens, who had been vice-president and assistant general manager.

Mr. Mefford started with the Charleston Group of the Columbia Gas System in 1912 as a workman in the gas fields. He was elected vice-president of United Fuel Gas in 1946 and became vice-president and general manager of all Charleston Group companies in 1950.

Mr. Bivens entered the gas industry in 1929 as assistant treasurer of Ohio Fuel Gas Co., Columbus. From 1932 to 1939 he served as treasurer and director of that company.

He then transferred to New York to serve as treasurer, director and accounting officer of Columbia Engineering Corporation. In 1947, he was named treasurer of the Columbia Gas System, Inc. Mr. Bivens came to Charleston in 1951 as vice-president and assistant general manager of United Fuel Gas and the associated Columbia companies in the Charleston Group.

H. C. Mefford Sr.

E. D. Bivens

Personal and otherwise

Mid-Southeastern holds 13th annual meeting

W. K. NUSSBAUM was elected 1952 president of the Mid-Southeastern Gas Association at the 13th annual meeting, Raleigh, N. C., November 7-9.

Mr. Nussbaum, who is vice-president of the Savannah Gas Co., succeeds J. D. Barnes, general manager of the Piedmont Gas Co., Hickory, North Carolina. Other association officers for the coming year are: First Vice-President A. T. Carper, Durham, N. C.; Second Vice-President Lee E. Hurst, Charlotte, N. C.; Secretary-Treasurer Edward W. Ruggles, director of the College Extension Division, North Carolina State College, Raleigh.

New directors chosen are T. A. Busby, Charleston, S. C., and M. D. Lucas, Florence, South Carolina.

A new award, "Gas Man of the Year," offered for the first time in the history of Mid-Southeastern Gas Association, was won by M. A. Hogwood for "representing the highest ideals of our industry." Mr. Hogwood is supervisor of distribution, Public Service Co. of North Carolina, Raleigh. Presentation of the award, which will now be an annual feature, was made by Past-President Eugene Leier.

Pittsburg men named

JOHN W. HENDRICKSON has been appointed technical assistant to the superintendent of production and transmission, New York State Natural Gas Corp., Pittsburgh. Mr. Hendrickson, a graduate of Wooster College, Ohio, has been associated with the corporation's geological departments for several years.

Donald L. Barger has been named assistant superintendent of production and transmission. Mr. Barger started with Peoples Natural in 1935. In his new position, he will assist Edward C. Inghram.

William A. Boyd has been selected to head the corporation's gas measurement accounting department.

Roberts named advertising director

L. C. ROBERTS has been appointed advertising director of Lone Star Gas Co., Dallas, Texas. He succeeds the late James M. Floyd, who died suddenly on August 10.

Mr. Roberts has served in Lone Star's advertising department for 18 years. Prior to joining the utility, he had several years' experience in department store sales promotion and advertising. He is a graduate of Texas Christian University, Fort Worth.

Commenting on Mr. Roberts' appointment, D. A. Hulcy, president of the utility, says "because of Lone Star's advertising programs to promote the sale of automatic gas appliances, we are fortunate in having a man whose business experience has been in the field of merchandising. His knowledge will be valuable in developing this area's unlimited market for gas-operated air conditioning equipment.

A past-president of the Dallas Advertising League, Mr. Roberts recently accepted appointment to A.G.A.'s Domestic Gas Copy Committee.

L. C. Roberts

Executives promoted

ROBERT F. PROBST has been elected secretary of The Connecticut Light and Power Company. Mr. Probst, who has served the company for 28 years, has been assistant secretary since 1942. Richard P. Peale was elected assistant secretary to replace Mr. Probst.

Vice-President Paul R. Fleming, former secretary, was elected treasurer to replace John M. Kramarsik, who resigned because of ill health. Mr. Kramarsik will continue with the company as assistant to Mr. Fleming.

McNeely promoted

HARRY McNEELY, former chief engineer at New York State Natural Gas Corp.'s Preston station, has been promoted to district engineer of compressor stations in southern Pennsylvania. Mr. McNeely is a veteran of 33 years of service with New York State Natural Gas Corp. and The Peoples Natural Gas Company.

Wilbur J. Whitehill has succeeded Mr. McNeely as chief engineer at Preston. He served previously as chief engineer at the station since 1951.

Rogers becomes director

WILLIAM G. ROGERS, president of The East Ohio Gas Co., Cleveland, has been elected a director of Consolidated Natural Gas Co., the parent company.

Mr. Rogers entered the employ of The East Ohio Gas Company in 1914, after graduation from Case Institute of Technology. Prior to his election to the presidency in March, 1951, he had served as rate engineer, assistant secretary, secretary-treasurer, vice-president and executive vice-president.

Bernard Pfeiffer wartime efforts cited

THE DEPARTMENT OF THE ARMY has presented a certificate of appreciation to Mrs. Kathryn Haines Pfeiffer, widow of Bernard F. Pfeiffer, in recognition of his contributions to the World War II effort in industrial intelligence.

Mr. Pfeiffer, who died on May 13, 1950, took a prominent part in American Gas Association technical activities. One of the outstanding gas engineers in the country, he was selected by the industry to represent it in a government survey of the German gas industry.

At the time of his death, Mr. Pfeiffer was manager of gas operations, United Gas Improvement Co., Philadelphia. He had served the company for 40 years.

Elliott succeeds Black

JAMES M. ELLIOTT has been named chief industrial engineer of United Natural Gas Co., Oil City, Pennsylvania. Mr. Elliott succeeds William B. Black.

Mr. Elliott is a graduate of Clarkson College of Technology, Potsdam, New York. He joined the utility in 1948 as an assistant engineer.

San Diego utility names executives

EMERY D. SHERWIN, vice-president in charge of operation, has been named president of San Diego Gas & Electric Company. A. E. Holloway, former president, retired on November 1 after 41 years' service with the company. He will continue to serve on the board of directors. Harold A. Noble has been appointed to succeed Mr. Sherwin as vice-president in charge of operation.

Mr. Sherwin joined San Diego Gas and Electric Company in 1915 as a chainman. After several promotions, he was made assistant general superintendent in 1932, general superintendent in 1941, and finally vice-president in charge of operation in 1944.

Mr. Holloway started with the utility as a salesman in 1910. Shortly after, he was appointed manager of new business and in 1921 became commercial superintendent. He was named vice-president in charge of sales in 1932, and has served as president since 1944.

Mr. Noble is also a long-time employee of the San Diego utility. Since 1925 he has served in many capacities including construction engineer, assistant superintendent of electric production, and superintendent of electric production. He has served as general superintendent since 1947.

Mr. Sherwin, Mr. Holloway and Mr. Noble are members of American Gas Association.

Announce advancements

ARTHUR A. MAUST has been appointed dealer relations supervisor in the sales department of The Peoples Natural Gas Co., Pittsburgh. Mr. Maust, who will have charge of the company's extensive dealer relations staff and program throughout western Pennsylvania, succeeds Paul E. Beech.

Mr. Maust is a graduate of West Virginia University, and has had training in gas engineering, heating and ventilating at the Universities of Pittsburgh and Pennsylvania.

Raymond C. Yeckley has been named to head the company's gas measurement accounting department.

Brooklyn Union cites Wilson for commercial gains

H. B. WILSON, manager of Brooklyn Union Gas Co.'s commercial sales section, is the recipient of a special award for his pioneering work in the development of new gas utilizations. The Brooklyn utility cited Mr. Wilson for his imagination, knowledge, and perseverance.

During the past five years, Mr. Wilson has not only extended the use of gas in the field of commercial cooking, water heating and space heating, but has also designed the equipment to put his ideas into practice. This equipment is used by four of the major airlines in addition to many leading restaurants, hospitals, and other institutions throughout the country.

The citation accompanying the award, which was presented by Brooklyn Union's President H. H. Cuthrell, said in part, "by successfully concluding all phases of his program, Mr. Wilson has performed a great service for Brooklyn Union and for the gas industry."

H. B. Wilson

LP-Gas Association names Chicago secretary

JOHN E. KELDERHOUSE has been appointed district secretary for the newly-created north central district of the Liquefied Petroleum Association, in Chicago. Mr. Kelderhouse studied engineering at Ferris Institute, Grand Rapids. He joined the Public Service Co. of Northern Illinois in 1937 as a gas heating salesman, and after 10 years with the utility, he became a salesman for the Monroe Stove Co., Chicago. Following this concern's consolidation with the Dearborn Stove Co. in 1948, he was promoted to divisional sales manager. During the past year he has operated his own business as a representative for manufacturers of gas heating and cooking equipment.

New vice-president

GEORGE R. COPELAND has been named vice-president of Algonquin Gas Transmission Co., Boston. Mr. Copeland has held executive positions in the gas industry in New England for the past 25 years.

Algonquin Gas Transmission Company is now constructing a natural gas pipeline from Lambertville, N. J., to Boston.

OBITUARY

Richard H. Lewis

chairman of the executive committee of the board of directors, Ruud Manufacturing Co., died on November 13, after a short illness.

Mr. Lewis, active in American Gas Association and Gas Appliance Manufacturers Association, was a former member of the A. G. A. Board of Directors. He had served Ruud Manufacturing since 1914 as sales representative, Detroit office manager, general sales manager, secretary and treasurer, vice-president, and vice-president and general manager. In 1944 he was named president of the company, and served in this capacity until 1951.

Mr. Lewis is survived by his wife, Mrs. Agnes Ricker Lewis, two sisters and a brother.

William P. Genovar, Jr.

valuation engineer, the New York State Public Service Commission, died on November 14 after a short illness. He was 54 years old.

A graduate of Georgia School of Technology, Mr. Genovar began his long career in the utility industry as a cadet engineer for Public Service Electric & Gas Co., Newark, New Jersey. After that assignment, he served gas companies in Brooklyn, Syracuse, Havana, Panama, Poughkeepsie, Albany and the U.S. Bureau of Mines plant at Morgantown, West Virginia. Mr. Genovar was a member of American Gas Association.

He is survived by his widow, Mrs. Christine Genovar of Bellaire, New York.

Walter L. Chewning

gas consultant for Day & Zimmerman, Inc., died suddenly on November 11, in his Bala-Cynwyd, Pa., home.

A native of Virginia, Mr. Chewning is a graduate of Virginia Polytechnic Institute and Stevens Institute of Technology. He had served the Public Service Gas Co., Newark, the Consumers Gas Co., Reading, Pa., United Gas Improvement Co., and The United Gas Improvement Contracting Co., before he became affiliated with United Engineers and Constructors, Inc., Philadelphia. In 1938 he joined Day & Zimmerman, retiring five years ago to act as gas consultant for that firm.

Mr. Chewning was a member of American Gas Association.

He is survived by his widow, Mrs. Alene Lockwood Chewning, a daughter and a son.

Louis R. Gresenz

of Appleton, Wis., assistant secretary and assistant treasurer of Wisconsin Michigan Power Co., and chairman of the Accounting Section, Wisconsin Utilities Association, died on October 14. He had served the utility for 37 years.

John A. Clark

former vice-president in charge of gas operation, Public Service Electric and Gas Co., Newark, died from a heart attack on November 23. Mr. Clark, who retired in April, 1945, had served Public Service for more than 47 years.

After graduation from Union College in 1895, he started his long gas industry career with the East River Gas Co., New York. He came to Newark Gas Co. in 1898 as superintendent, and stayed with the company after it was taken over by Public Service in 1903.

Before his retirement, Mr. Clark was a director of Public Service Electric and Gas Co., Public Service Coordinated Transport, Public Service Interstate Transportation Co., and the Public Service System gas companies.

Mr. Clark was a member of Hope Lodge No. 124, F. and A. M., East Orange, Essex Club of Newark, American Gas Association, and the Society of Gas Lighting.

Financial records

(Continued from page 4)

destruction, are obtained in advance and are integrated with the individual subjects, by classification.

Many companies, particularly in the defense areas, are giving serious consideration to protection of the more vital records in event of war and possible enemy bombing attacks. In some instances, duplicate records are kept and dispersed at some distance away from the original records. In others, records are microfilmed and the film stored in a vault some distance away.

The big problem here seems to be the extent to which records are given such protection. For instance, minutes of meetings, stock records, contracts, financial records, permits to do business, right-of-way easements, property deeds and special auditors' or other reports are usually to be kept permanently and would be very vital in reconstructing the company's records.

In the gas industry there is the question of the proper means to protect and preserve thousands of vouchers supporting additions to plant property. Our ability to earn may be entirely dependent upon these very records to support the plant account. All companies whose records are located in an area that might be particularly subject to bombing, in the event of war, should make some provision for the protection of their vital records. They should weigh carefully the extent to which protection is to be given to other records not classed as "vital," but certainly difficult to replace.

The "buy" word

(Continued from page 8)

only relatively few of these were clock-controlled and gave their proud owners the advantages and conveniences of ovens that turned themselves off and on automatically.

Today, when everyone of us wants every automatic device we can find to make life easier and more pleasant, apparently we, in the gas industry, still believe that women want to go to the trouble and inconvenience of lighting a gas range oven and broiler with a match.

With 28,000,000 gas ranges in use, approximately 3,000,000 are automatic. That leaves 25,000,000 non-automatic gas ranges in the homes of the very people who are demanding the latest in comforts and conveniences and automatic devices. If one match a day is used to light the ovens and broilers of each one of these gas ranges each day, our customers are using 9,125,000,000 matches to operate what we call a modern cooking device in this automatic age. There are 20 matches to a package. That means 456,250,000 packages of these matches are used every day to light gas ranges using this modern fuel of ours. These matches sell at 2 packages for 1¢. So, we ask our customers to plunk down $2,281,250 a year for matches to light cooking appliances using our modern fuel in this automatic age.

That $2,281,250 tribute we pay annually to the match industry represents 8 percent of the total gas utility new business expense budgets. *It is 25 percent more than the total annual national advertising expenditure of AGA and the gas range manufacturers put together.* That $2,281,250 a year tribute is the biggest handicap and stumbling block the gas industry has today in an attempt to convince its customers that gas is the modern cooking service for this automatic age.

Every alert merchandiser in the world knows that "automatic" is the magic word—the buy and sell word, the sizzle word, the dream word for every piece of equipment going into the home today—yes, every alert merchandiser but we, in the gas industry.

For some unknown reason, we, in the gas industry, are different. While every woman would like to have a car with windows that roll up and down with the touch of a button, automatic clothes dryers and automatic washing machines that start and stop themselves, and all the other automatic devices, we seem to think that every woman is a 100-yard-dash expert with an automatic clock in her belfry, which tells her when dinner is done so that she can dig her spike shoes into the living room rug and get into the kitchen before the $6 roast goes up in smoke or the coffee pot explodes. We apparently think that every woman will happily pay $160 extra for an automatic gearshift on her car, which she will keep for a few years and only $150 for a gas range that she is going to use three times a day, every day in the year, for the next 20 years until the old junker falls apart.

And so some of us continue to tell our customer that if she wants a modern cooking appliance using our modern automatic fuel in this modern automatic age, she'll have to get herself some matches, bushels and bushels of matches, bushels and bushels of the finest matches in the land.

Some years ago, one of America's leading merchandisers made the statement that while millions of men have made a few hundred dollars trying to lead the public, a few hundred men have made millions of dollars in letting the public lead them.

If we, in the gas industry, are to continue to be successful in the tough competitive days that lie ahead, we must adapt ourselves to the changing times, get in step with our customers' thinking habits and wishes, and start giving the public what it wants. We must start telling the story of clean, fast, automatic gas cooking with all of the automatic controls that any woman could wish for.

Every year a new crop of next generation's customers are born. In 1950 somewhat more than three million of them had reached sufficient maturity to marry and start thinking of buying a range, a sofa, a love nest. That represents three million people who weren't interested before, but are now vitally interested. So we have to tell the story and tell it over and over again.

Whether we have a big national program or not, there rests in each dealer's, each utility's hands, in the local community, the answer to whether or not our business is going to keep pace with the changing times. It is the answer to whether or not the gas industry will meet the competitive challenge with the type of automatic equipment customers want and will buy.

Let's get in step with our customers' thinking and walk down the road they want to walk—the easy automatic road that leads straight and sure to better customer satisfaction, increased net revenue and greater dealer profits.

The peanut vendor has only one toot but it's just the right toot for selling peanuts.

"Automatic" is just the right toot for enabling us to maintain our dominant position, meet competition and increase our sales.

Amortization

(Continued from page 24)

The use of the caption 'Charges or provisions in lieu of taxes' is not acceptable."

A search was unable to reveal any pronouncements on this subject by the Federal Power Commission. However, while not indicating the views of the Federal Power Commission it is of interest to note that a credit agreement between an electric utility company and a New York bank in connection with the borrowing of $16,100,000 on notes, which came before the FPC for approval, contained a proviso that the company would not, in any event, declare any dividends, or make any other distributions on any shares of its stock or redeem or acquire for value any shares of stock of the company out of surplus arising from tax savings made by using the deduction for depreciation of emergency facilities permitted by Section 124A of the Internal Revenue Code in lieu of normal deductions for depreciation.

The following discussion of taxable versus book income as contained in the recent book by Foster and Rodey, *Public Utility Accounting*, throws considerable light on this matter:

"Taxable Versus Accounted-for Income—Almost no corporation reports the same net income for income tax purposes that it shows on its books and in its financial reports to stockholders or regulatory commissions. Net taxable income, as defined for the purpose of corporate income taxation, has no close or consistent relationship with return on capital as reflected in 'utility operating income' subject to the definitions and instructions of uniform systems of accounts. Taxable net income is a statutory and administrative concept that can be defined only as that gross income which is not exempt, less the deductions allowed by law. . . .

"The differences between the measurement of income for the purpose of taxation and for general accounting, ratemaking, and other regulatory purposes may be classified broadly as resulting from:

"1. Exemptions from taxable income because of constitutional interpretations, statutory provisions, or court decisions;

"2. Strict application by the Treasury Department of fixed rules for determining taxable income, which are not in accordance with accepted accounting practice; and

"3. Election or adoption of specific tax accounting procedures by the taxpayer, subject to the requirement that they be used consistently thereafter for tax purposes, although not used for general accounting purposes.

"Many of the differences that reflect statutory provisions were adopted for the purpose of avoiding inequitable treatment and granting relief to taxpayers. The dividends-received credit, the operating-loss carry-over, and the credit for dividends paid on preferred stock of public utilities are examples of such provisions of the Internal Revenue Code."

4. Depreciation

This method records normal depreciation on the books of account without further charge for amortization or in lieu of the tax deferral.

In this case, income as shown by the books for the five-year period is increased to the extent of the tax deferral. This was the method most commonly used by utilities during the period of World War II, and the one that actually recorded facts as they occurred accounting-wise without building up any hypothetical situation to show what would have happened otherwise.

Recognition is given by this method to the fact that the accelerated amortization is purely a means of granting a corporation taxpayer a deferral of certain taxes over a period of five years with the proviso that such deferred taxes shall be paid over the remaining life of the facility. This assists the corporation with the financing of the defense facility for the first five years of its life and makes it possible for the corporation to make such tax payments five years hence.

The view has been expressed that this method of handling accelerated amortization inflates the income account and hence may cause regulatory authorities to take action to relieve such amounts from the income of the company. This seems like a far-fetched view to assume that the regulatory authorities are not more fully informed as to the purpose and implications of the accelerated amortization. It should be quite obvious that any effort on the part of any regulatory authority to relieve a utility of the tax deferrals created by the granting of necessity certificates to stimulate the construction of defense facilities would defeat the very things that Congress intended when it granted such privileges.

Baltimore's changeover

(Continued from page 11)

a thin layer of oil.

Two months before conversion commenced we began oil-spraying all of our principal distribution mains. This has been continued and is now supplemented by oil-fogging and odorizing all incoming natural gas and humidification of our low pressure send-out.

We have not had any trouble with gas regulators in most of which we use synthetic diaphragms. Our "unaccounted for" gas continues under five percent. During the early months of 1951 we conducted intensive surveys to determine leakage in manholes. The leaks we found were neither more numerous nor more serious than with manufactured gas. We believe our relative freedom from an excessive amount of difficulty with respect to leaks and so-called "dust storms" has been due to the conditioning of our distribution system both before and after conversion.

We are using five-light "A" and "M" gas meters in most residences for cooking, water heating and househeating. The higher heat content of natural gas has enabled us to avoid using 10 light meters in the usual size residence with a gas furnace thus conserving capital investment.

We do not yet have any worthwhile statistics on the extent to which natural gas has reduced our capital outlays for distribution system extensions. Theoretically, the distribution of 1050 B.t.u. gas in place of the 500 B.t.u. which we formerly produced doubles the capacity of our mains, services and holders. But the large increase in our total send-out has shown up bottleneck conditions in certain specific areas where the growth has more than doubled due to the accession of househeating. These conditions had to be rectified and new mains have been required to reach recently built developments on the urban fringes and in suburban sections. There is little doubt but that either our capital outlays for system extensions would have been much greater with 500 B.t.u. gas, or if they were not greater, it would be because we could not have secured the same amount of new business.

No utility executive could change his company over from manufactured gas without seriously considering what the

future offers with natural gas. At the moment it can be delivered in eastern cities at less than one-half the cost of producing an equivalent oil gas. Besides minimizing investment for plant and distribution system, it has a popular appeal because it is associated with lower rates and stimulation of industry. It is nontoxic and avoids the grim notoriety arising from the use of manufactured gas for self destruction.

The lower rates made possible by the use of natural gas enable much keener competition with electricity, oil, propane and coal in industry. The considerable outlay for conversion can be amortized over a period of ten years. From all these and many other standpoints, natural gas possesses undoubted economic advantages over manufactured gas.

But there are other matters which require deep thought and decision. There is the matter of continuity of supply and availability of additional gas for growth. I know we gave lengthy consideration to possible breaks in the supplier's transmission main; abnormal conditions requiring curtailment of supply; rationing during national emergencies; and dependence upon the supplier, and he upon his suppliers, for gas necessary to support continued growth by the local distributor.

Not only the adequacy of supply must be considered, but also the future price. Our first year had hardly passed before an application was filed by our supplier for an 11 percent increase in our gate rate. Coincidentally we are faced with the probability of curtailment next winter because of the national defense program, which has obstructed pipeline companies from securing steel pipe with which to supplement their natural gas deliveries.

We Baltimore people are apprehensive of the natural gas suppliers' traditional procedure for effecting peak-day curtailments through drastic reductions of industrial consumption. In an Ohio city, a B.t.u. of natural gas can be purchased at 62 percent of the cost of a B.t.u. of heavy oil. Industries in that area may be willing to accept curtailments and interruptions in fairly good grace because of the great economies which they can derive from the use of natural gas. No doubt many of them have economic justification for purchasing stand-by processes to be used in emergencies when the normal supply of natural gas is not available.

Each eastern utility man must decide for himself whether his industrial customers can be induced to use natural gas in preference to other fuels where such interruptions to their operations may be involved and the economies to be gained from natural gas are on a much less attractive basis than in areas where lower gas rates prevail.

We have endeavored to meet some of these problems in Baltimore by converting our gas-making equipment to the production of 1000 B.t.u. oil gas, at a cost of approximately $40,000 per set. We now have a total of 23 oil gas sets, with a rated capacity of 116,000,000 cubic feet per day. This by no means dispels all of the uncertainties to which reference has been made, but it does give us a comfortable feeling that our peak loads can, for some years at least, be protected except perhaps in catastrophic emergencies. You will realize, of course, that our company could not justify supplying through extended periods high-cost oil gas in substitution for lower cost natural gas unless rates were increased substantially. But we would certainly endeavor to do so in relatively brief emergencies. Our converted plant is also useful in "peak shaving" our maximum demands, which is currently being done at a gratifying saving in the demand charges for natural gas.

Looking at this matter on a long range, and realizing the extent to which additional cities are calling for natural gas, one cannot but wonder whether it is not only prudent but indeed essential to adapt existing gas plant facilities to the production of a substitute natural gas. Certainly, if the expanding market for natural gas outruns the supply in the years to come, some means must be found of providing for continuity of service and future growth.

Service in a bill

● What shall you put in a bill? Here is a sample from a successful service organization:

"Labor, insurance, supervision, use of truck, tools and equipment for unstopping drain line to kitchen sink..$13.50"

Here's another:

"Labor, insurance, materials, supervision, use of truck, tools and equipment in replacing leaking hot water pipe in basement .....$28.75."

This firm never itemizes a bill unless it is demanded, but on the job record every piece of material is listed at retail. It has a reputation for both excellent service and high prices. It is proud of both because it has found the public will pay a good price for good service.

—*The Mission Pilot*

1952

JANUARY

21-23 •A. G. A. Home Service Workshop, Drake Hotel, Chicago, Ill.

MARCH

Week of March 10 •National Association of Corrosion Engineers, Galveston, Texas.

27-28 •Oklahoma Utilities Association, Biltmore Hotel, Oklahoma City, Okla.

27-28 •New England Gas Association, annual convention, Hotel Statler, Boston, Mass.

31-April 2 •Mid-West Gas Association, annual meeting, Hotel Raddison, Minneapolis, Minn.

APRIL

3-5 •Florida-Georgia Gas Association, annual meeting, Soreno Hotel, St. Petersburg, Fla.

4 •The Maryland Utilities Association, annual meeting, Lord Baltimore Hotel, Baltimore, Md.

7-9 •National Conference of Electric and Gas Utility Accountants, Hotel Commodore, New York, N. Y.

7-10 •A. G. A. Distribution, Motor Vehicles and Corrosion Conference, Benjamin Franklin Hotel, Philadelphia, Pa.

8-10 •Southwestern Gas Measurement Short Course, University of Oklahoma, Norman, Okla.

16-18 •A. G. A. Sales Conference on Industrial & Commercial Gas, Netherland Plaza Hotel, Cincinnati, Ohio.

21-23 •A. G. A. Mid-West Regional Gas Sales Conference, Edgewater Beach Hotel, Chicago, Ill.

24-25 •Indiana Gas Association, annual meeting, French Lick Springs Hotel, French Lick, Ind.

28-30 •Southern Gas Association, annual meeting, Galveston, Texas.

MAY

5-9 •A. G. A. Commercial Gas School, Chicago, Ill.

8-9 •Public Utilities Advertising Association, Hotel Radisson, Minneapolis, Minn.

12-13 •A. G. A. Natural Gas Department Spring Meeting, Biltmore Hotel, Los Angeles, Calif.

13-15 •Pennsylvania Gas Association, Wernersville, Pa.

21-23 •GAMA annual meeting, The Broadmoor, Colorado Springs, Colo.

22-23 •The Natural Gas and Petroleum Association of Canada Convention, General Brock Hotel, Niagara Falls, Ontario.

26-28 •A. G. A. Production & Chemical Conference, Hotel New Yorker, New York, N. Y.

Personnel service

SERVICES OFFERED

General Manager or **Assistant General Manager.** Graduate Engineer with twenty-five years' experience in plant, transmission, and distribution lines construction; materials and supplies handling; all types of gas; unaccounted for surveys; public and customer relations; employee and supervisory training; heavy administrative responsibilities. Have been General Superintendent (14,000 meters) and responsible for industrial, house heating and commercial sales. Presently Manager of Gas Operations (66,000 meters, gas plant, mechanical service, gas distribution system, industrial interruptible). Vice-President and Member, Board of Directors, Gas Company with 2800 meters (franchise, organizing, financing). Married, one child. **1680.**

Engineering Purchasing Agent desires position with Utility as Assistant or Purchasing Agent. Four years' experience buying for Gas Utility. Currently employed as Assistant Purchasing Agent. Background: Five years' Gas Utility Engineer, Graduate Engineer, Single, Veteran. (38). **1681**

Mechanical Engineer—Interested in **Sales Engineering** position. Seventeen months' experience as Field Engineer for gas company. Will relocate in Northeastern United States. M.E. Degree 1950. Married. (25). **1682.**

Appliance Engineer with extensive product design and development experience in gas range and heater field desires to change position. Graduate engineer with fine background in development and production of gas and oil appliances, can be utilized to either head up Engineering Department or as Assistant. Résumé available or personal meeting can be arranged readily. **1683.**

Accountant—Three years with large chemical concern. Experienced general ledger, home office accounting, inventory records and financial statements. Seeks position requiring intelligence, ambition, and resourcefulness. BBA degree; Veteran; Married. (26). **1684.**

Sales & Engineering Management—Thirty years' gas utility and related industry experience involving engineering and administration. Assignments included gas works and distribution construction, gas and electric consumer service, utility sales management, national sales and promotion management. Professional Engineer New York State. **1685.**

Measurement and **Odorization Engineer**—five years' natural gas experience. Able to assume full responsibility for odorization and orifice metering, and assist in distribution engineering, utilization, corrosion, and oil gas production. Prefer all-gas utility in East. Graduate engineer. (31). **1686.**

Personnel Director presently heading up personnel, industrial relations and safety departments of West Coast company employing 500 men wishes to locate in middle west. Present salary $7,200. Married veteran exempt from duty due to age, dependents and previous service. Particulars on request. (31). **1687.**

Sales Executive with outstanding record for promotion and distribution of major gas appliances desires connection with appliance manufacturer. Experience covers administration, training of dealer organizations, and advertising. Full particulars will be sent upon request. **1688.**

Manager—Extensive training and experience in construction and management and all phases of natural gas operation. Experience includes high and low pressure distribution plants, also sales and service. **1689.**

Analytical and economy minded man now employed in **junior executive** capacity desires **administrative** or right-hand man position. Background: production, geology, economic analyses. Can prove outstanding achievement and organizing ability. Salary secondary to advancement opportunity. Married. (38) **1690.**

Managerial, Operation or **Sales**—Eighteen years' of administrative, sales supervision and engineering experience for gas utilities. Good practical knowledge of most every phase of utility work. B. A. Degree (Business-Management). Present position Commercial and Industrial Manager, including house heating for 23,000 meter property. Available thirty days' notice to present employer. Married. (41) **1691.**

POSITIONS OPEN

Operating Engineer with water gas and oil gas operating experience, technical background. About 35 years old, willing to travel, headquarters in New York. **0629.**

Assistant to the Director—Man, 35 to 40 years of age, with gas industry and teaching experience to assist the Director in the conduct of a comprehensive research and development program. Ability to write reports and handle men important.

Coal Chemist—Applicant should have considerable experience and a broad knowledge of all phases of coal research.

Attractive Openings for both recent graduates and experienced personnel in the fields of oil cracking, coal carbonization, utilization of gaseous fuels, fuel analysis, and physical and chemical properties of gases and gas-making materials. Excellent research and pilot plant facilities. New building. Opportunities in teaching and research. Financial aid in continuing one's own education. Retirement and hospitalization plans available. **0630.**

Gas Department Superintendent—Large Public Utility Operating Company requires experienced manufactured gas (Coal, blue and carburetted gas) Engineer to supervise construction, operation and maintenance of two gas supply systems. Ability to analyze gas production and distribution problems, organize gas operations, secure cooperation of associates and workmen and the desire to get things done essential. Location South America. Living and working conditions good. Salary range commensurate with qualifications. Reply in detail stating age, education, experience records, references and salary requirements. Replies held confidential. **0631.**

Sales Executive—Outstanding opportunity to direct an expanding and developing sales organization in an established Domestic Gas Heating Line. Nationally known, large and reputable manufacturing organization with diversified lines. Located in the Midwest. Must have successful experience in sales management of gas heating equipment. Salary commensurate with qualifications. Replies held confidential. Write qualifications in detail. **0632.**

Local Manager for gas property in a growing industrial community of 12,000 population, located in Pennsylvania. Position is permanent and provides attractive future with well known operator. Applicant should be under fifty, of good personality and experienced in load building and sale of equipment. Knowledge of propane-air operation desirable. **0633.**

The "sell" word

(Continued from page 8)

day, more than ever, automatic is the "sell" word.

In the promotion of automatic cookery, servicing is an important consideration. In the A.G.A. report, "Simplification of Gas Appliances," 42,000 complaints received by a midwest utility in 1948 were analyzed. About 42 percent of all these complaints were due to automatic features. Complaints per year on automatic appliances were three times those on non-automatic; and in 1946 service on each automatic was three times as much as that for the non-automatic.

There is no need to shudder at this cost. Something can be done about it. Nor is it as bad as it appears. The experience of the two gas utilities in Southern California, with a relatively high saturation of automatic appliances is worth consideration.

Almost all of the water heaters on the lines of these utilities are automatic. Of the ranges installed on the two companies' lines, only 20 percent could be called manual. About 30 percent have oven-heat control. The balance have automatic ignition and about half of these have clock control. Some manufacturers ship only clock-controlled ranges into the area.

Experience with these automatic appliances has shown that automatic ranges cause 80 percent more calls than do the average non-automatic. They cost twice as much to maintain as the non-automatic, for an average of 23 minutes of a service man's time is necessary, against 11 minutes with a non-automatic.

But this cost of service ratio between automatics and non-automatics can be decreased: by better training of service people, by better methods in service work and by use of better tools and equipment.

Another necessity—both from the angle of customer relations and as a means of reducing service costs—is more active field observation and manufacturer contact aimed at improvement of design of features that give trouble.

Adequate appliance servicing facilities should be made available. Who pays for service is a local decision based upon local conditions. But the service must be there.

Gas refrigerators are automatic. Most gas water heaters being sold today are automatic. Gas-fired clothes dryers are automatic. And a large portion of the gas ranges are at least semi-automatic, equipped with automatic top burner ignition and thermostatic heat control.

Let's make automatic the "sell" word, so that manufacturers' products will continue to flow to satisfied purchasers and users. To survive and prosper, we must promote the automatic features of our appliances.

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